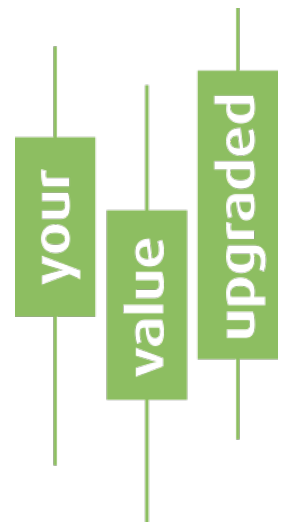


Universal Registration Document

bittnet
group



Fiscal year	01.01.2022 – 31.12.2022
Name of the company	BITTNET SYSTEMS S.A.
Registered office	București, Sector 5, Strada Serg. Ion Nuțu, nr. 44, One Cotroceni Park, Corp A și Corp B, Etaj 4
Mail address/operating premises	București, Sector 5, Strada Serg. Ion Nuțu, nr. 44, One Cotroceni Park, Corp A și Corp B, Etaj 4, 050691
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 63.417.671,40
The main characteristics of securities issued by the company	634.176.714 shares at a face value of 0.10 RON per share
Trading Symbol	BNET - shares BNET23, BNET23A, BNET26E – bonds
ISIN code shares	ROBNETACNOR1
Contact	investors@bittnet.ro



Letter from CEO

The year 2022 meant the transition to a new level of development, our growth efforts, both organic and through acquisitions, leading to the registration of the highest values in the company's history of turnover, gross margin, operating profit, cash flow, equity and cash position. At the same time, for the second time in 16 years, the year 2022 also brought a visit to negative gross profit territory as a result, mainly, of the various non-cash adjustments required by IFRS standards.

The group's consolidated revenue increased by 71% up to RON 192.2 million, while the gross margin increased by 74% to RON 42.7 million. **Operating profit increased by 120% to RON 8.3 million – approximately the entire turnover prior to listing.** The financial result decreased from a profit of RON 9 million in 2021 to a loss of RON 7.6 million in 2022, the difference being 75% explained by the different impact of (non-cash) mark-to-market revaluations of our holdings in other listed companies. These influences are described in detail in the report "[2022 Pro-Forma Results Bittnet Group](#)", published on February 10th, but also in chapter 7.2 of this document.

The year 2022 is the 6th year of positive operating cash flow: almost RON 19 million, a 4.5-fold increase compared to 2021. The year-end cash position (RON 42 million) represents about 25% of the company's market capitalization. Combined with the ongoing capital increase (where we expect to attract RON 20 million in cash) and the fact that trade payables are approximately equal to customer receivables, we believe that the financial position with which we start 2023 is very strong.

In 2020, with the transition to the main market, our goal was to reach a turnover of RON 500 million by the end of 2024. If we eliminate the effect of M&As on the results in 2022 we see a turnover of RON 158 million, i.e. an organic growth of 41% compared to 2021 – in line with the annualised historical growth. **During the 16 years of activity, we have repeatedly demonstrated that our Group is built in such a way that it can benefit from the compounding effect, with a growth rate of around 40%.** This means that without any further acquisitions, we can reach the 500 million revenue threshold in 2024 from organic growth alone. These increases never occur linearly, but in the long run it confirms the famous quote that "people underestimate what can be achieved in 10 years".

We note further that all relevant business indicators are recording an annualised growth rate of over 40% in the 8 years since listing on the BVB. We are working to ensure that this positive track record continues in the future.

After a period in which we have focused both on the successful completion of company acquisitions and their integration into the Bittnet Group, and on accelerated organic growth, we are approaching the necessary critical size we have set ourselves. In our view, achieving a critical mass of the group in the shortest possible time is the most challenging stage. At this stage, net profitability differs significantly from operating profitability. However, taking into account the size reached in 2022, the transactions signed or in the pipeline, and the current size and structure of the team, we believe that in 2023, we can already start to focus more on extracting profit from the business.

On 22 February 2023, Bittnet celebrated its 16th anniversary, a period in which we have gone through three growth cycles and weathered two crisis periods (2008-2010 and the current Covid+War+Inflation). We ended the first growth cycle in 2011 with the investment of Răzvan Capatîna. The second growth cycle 2012-2014 ended with the AeRO listing, when we became the first public IT company in Romania. Between 2015 and 2020, we attracted over €10 million in equity and loans, with which we financed our accelerated growth, including our first M&A transactions.

In 2020, with the transition to the Main Market, the third cycle was completed, at which time we set ourselves the goal of becoming a regional technology services group with a total business of RON 500 million by the end of 2024, as we believed that from this position it is easier to generate higher profitability in nominal terms than a company worth RON 100 million. **In our 3 years of activity on the Main Market we doubled our business, assets and cash, and increased tenfold our operating profit.**

We look forward to 2023 with confidence, but do not underestimate the difficulty of this year, both in terms of external factors related to the market, geopolitical context, inflation, workforce, supply chain delays, etc., but also in terms of internal challenges related to the further operational integration of all current and future companies into the Group's business structure and processes.

In the strategy for 2023, an important component is to increase operational profitability, increase recurring revenues and increase the share of services provided abroad. Because we are in a service business dependent on the size and quality of the workforce we will continue to invest in increasing our ability to attract the right people but also in their development from a technical and human point of view. In this respect, an important pillar is the development program focusing on leadership skills dedicated to all colleagues who manage human resources and without which we cannot discuss sustainable growth, in the medium and long term. The year 2023 is perhaps the most important year in preparing the organisation to reach the 500 million target in 2024, but also for the next growth cycle, 2025-2028.

We start this year in a proper position to reach the RON 500 million target in 2024

- ***Revenue generating capacity exceeds RON 250 million and average annualised growth is 40%,***
- ***we have signed a significant new transaction (for which we are awaiting approval from the Competition Council) and are working on 2 more.***
- ***The financial position is very strong, equity is approaching RON 100 million, the cash position is one third of capitalization and operations are generating significant cash.***
- ***The new Bittnet has a stronger shareholder structure – institutional investors who believe in our plans for the future.***

Thank you for joining us on this journey !

Mihai Logofătu,

Co-founder and CEO Bittnet Group

Table of contents

LETTER FROM CEO	3
TABLE OF CONTENTS	5
KEY INFORMATION	7
NOTE FOR INVESTORS	12
STATEMENT	14
ANNEX 1: CROSS REFERENCES - ANNUAL REPORT UNDER REGULATION NO. 5/2018 VS.	
UNIVERSAL REGISTRATION DOCUMENT	15
DEFINITIONS	18
SECTION 1: PERSONS RESPONSIBLE, THIRD PARTY INFORMATION, EXPERTS' REPORTS AND COMPETENT AUTHORITY	
APPROVAL	20
SECTION 2: AUDITORS	22
SECTION 3: RISK FACTORS	23
SECTION 4: INFORMATION ON THE ISSUER	29
SECTION 5: BUSINESS OVERVIEW	30
EDUCATION DIVISION	36
INDIVIDUAL FINANCIAL STATEMENTS – BITTNET SYSTEMS S.A. – THE ISSUER/THE PARENT COMPANY	40
THE TECHNOLOGY DIVISION	41
FINANCIAL RESULTS OF TECHNOLOGY DIVISION	48
EDUCATION DIVISION	55
TECHNOLOGY DIVISION	56
INVESTMENTS IN LISTED COMPANIES	57
SECTION 6: ORGANISATIONAL STRUCTURE	59
EDUCATION DIVISION	59
TECHNOLOGY DIVISION	59
INVESTMENTS IN LISTED COMPANIES	60
SECTION 7: FINANCIAL POSITION	63
SECTION 8: CAPITAL RESOURCES	72
SECTION 9: REGULATORY FRAMEWORK: MARKET ON WHICH SHARES AND BONDS ARE TRADED	78
SECTION 10: TREND INFORMATION	82
SECTION 11: PROFIT FORECASTS OR ESTIMATES	83
SECTION 12: ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES AND SENIOR MANAGEMENT	85
SECTION 13: REMUNERATION AND BENEFITS	91
SECTION 14: BOARD PRACTICES	93
SECTION 15: EMPLOYEES	108
SECTION 16: MAJOR SHAREHOLDERS	110
SECTION 17: RELATED PARTY TRANSACTIONS	111
SECTION 18: FINANCIAL INFORMATION ON THE ISSUER'S ASSETS, LIABILITIES, FINANCIAL POSITION AND PROFITS	
AND LOSSES	114
SECTION 19 SHARE CAPITAL	121
SECTION 20: IMPORTANT CONTRACTS	125
SECTION 21: AVAILABLE DOCUMENTS	125
ANNEX 2 – 'ALTERNATIVE PERFORMANCE MEASUREMENTS'	126
ANNEX 3 – BNET INVESTMENT THESIS	127

THE BUFFETT TEST FOR CAPITALISATION OF EARNINGS VERSUS DIVIDEND PAYOUT	129
<u>THE AUDITORS' REPORT FOR FY 2022 AND FINANCIAL STATEMENTS (CONSOLIDATED AND STANDALONE)</u>	<u>131</u>

Key information

Key results, history, thousand RON:

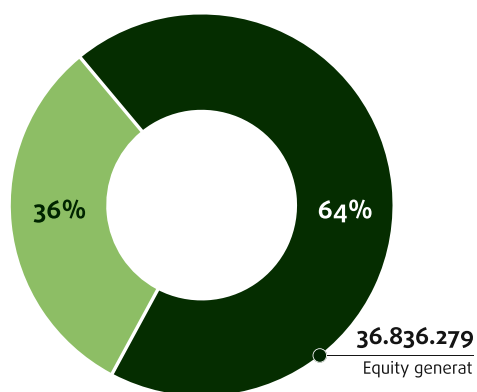
	Turnover	Operational profit	Profit Net	Cashflow Operations	Assets	Cash	Equity Capital	Mkt. Cap.
2014	8.180	582	115	394	5.428	813	865	7.896
2015	9.993	1.608	889	471	8.253	3.008	1.920	8.108
2016	13.667	1.929	870	-1.768	10.446	2.355	3.100	21.418
2017	27.682	2.743	1.206	373	30.898	11.060	5.961	31.941
2018	47.891	1.319	4.408	3.397	59.069	13.048	14.001	55.530
2019	99.750	838	-4.458	8.502	88.462	20.824	12.372	112.717
2020	109.192	5.930	1.025	8.120	102.353	24.873	27.646	157.586
2021	109.813	3.879	13.021	3.778	131.113	23.405	52.502	161.907
2022	192.156	8.372	-2.192	17.995	220.596	42.300	57.494	155.902
CAGR	48%	40%		61%	59%	64%	69%	45%
YoY	74,98%	115,83%		376,31%	68,25%	80,73%	9,51%	-3,71%
Main Market	93%	899%	-21%	112%	149%	103%	365%	38%

The results in the table are reproduced as they were retold by audit reports - they reflect the most current view of history. The annual report published for 2019 had a different profit value. The annual report published for the year 2021 had a different turnover value.

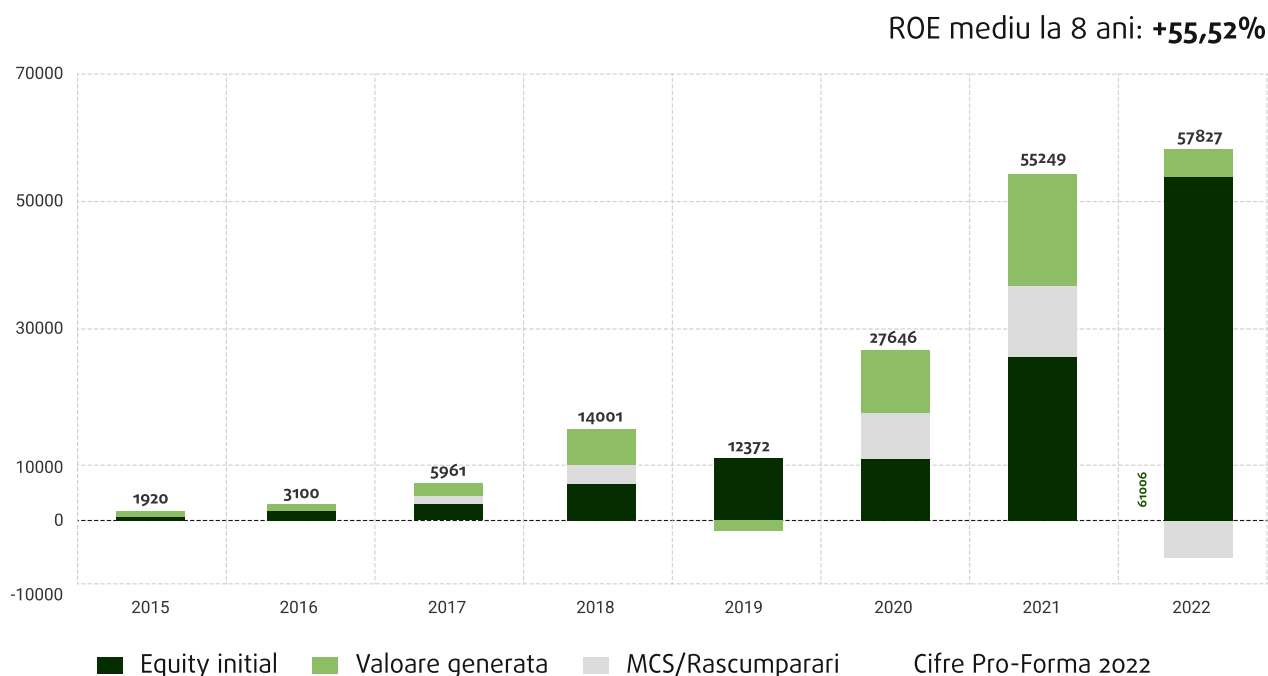
Historical increase rates compared to the market index

Year	/	Income	Assets	Equity	Mkt. Cap	BET-XT %Growth
2015		22%	52%	122%	3%	-4%
2016		37%	27%	61%	164%	3%
2017		103%	196%	92%	49%	15%
2018		73%	91%	135%	61%	-8%
2019		108%	50%	-12%	94%	32%
2020		9%	13%	123%	21%	-4%
2021		4%	31%	92%	2,74%	31%
2022		75%	68%	9,5%	-4%	-11%
Average		54%	66%	78%	49%	7%

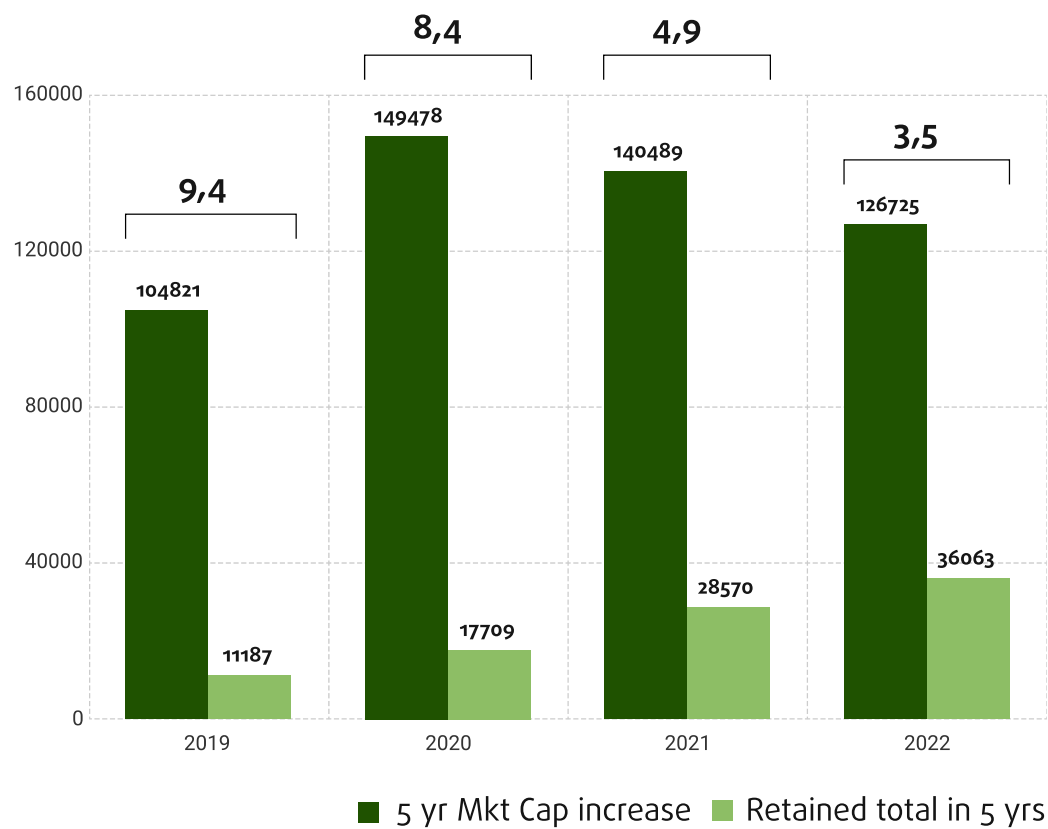
Return on investment for shareholders who contributed to the company's growth



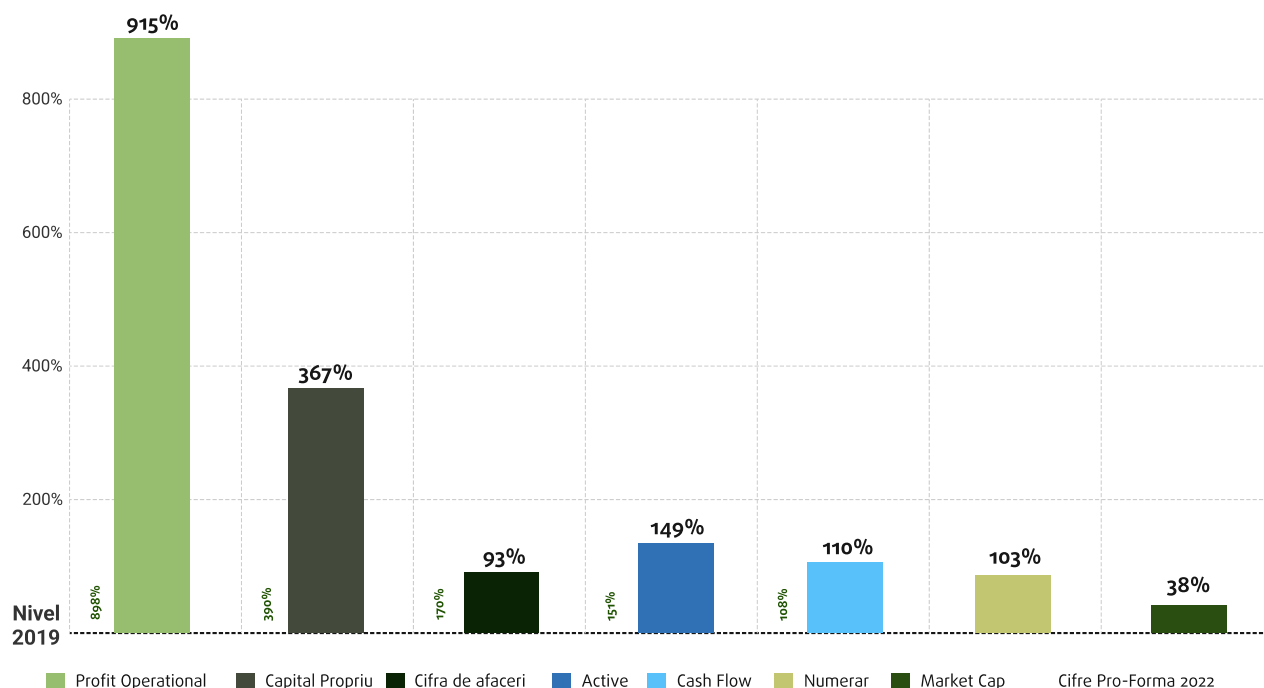
Operation	Amount
Equity on 15 April 2015	-864.743
Return on investment for shareholders who contributed to the company's growth	-807.127
MCS 14-Dec-18	-2,892,205
MCS 10-Apr-20	-9,168,712
MCS 02-Mar-21	-10,725,345
Redemptions Aug 22	2,603,000
Equity on 31 Dec 22	57,494,765
Out of which, attracted amounts	20,990,389
IRR	34,6%



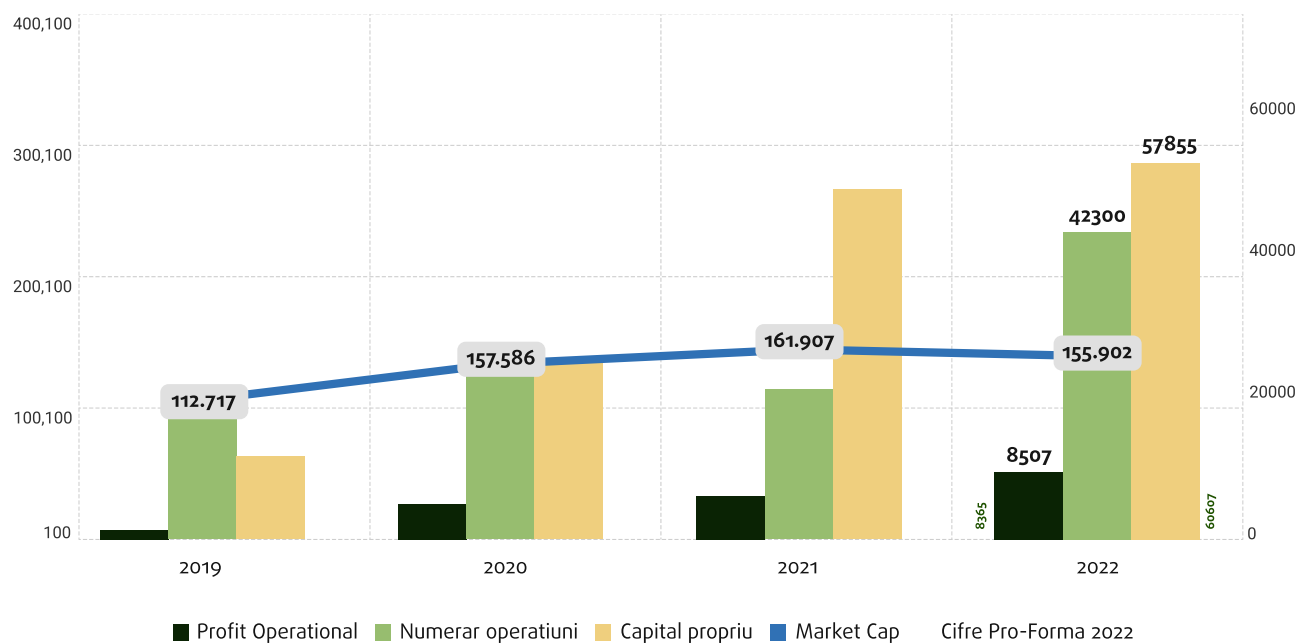
Buffett Multiplier – how much money invested in the company (attracted in capital increases or not distributed as dividends) is worth ON THE MARKET in 5 years time



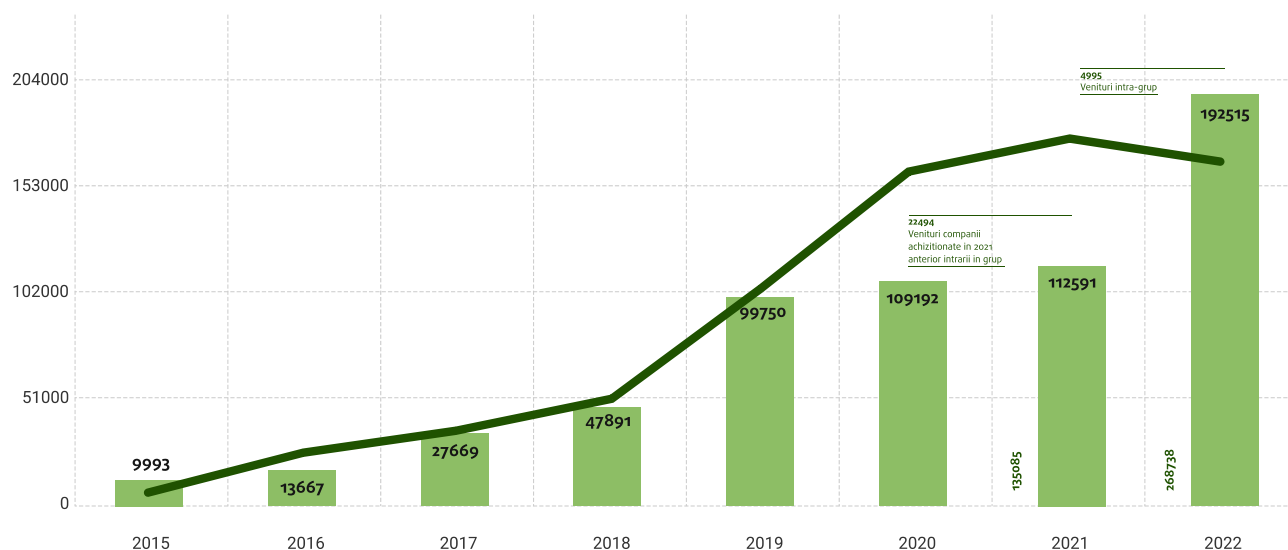
BNET growth indicators on the main market



Operating Profit, Cash, Equity & Market Cap main market



Historical evolution of turnover and market capitalisation



NOTE FOR INVESTORS

Pursuant to Regulation (EU) 1129/2017, Article 9(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.

- 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;
- 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;
- c) include in the Universal Registration Document a statement of responsibility as referred to in Article 4(2)(c): statements by persons responsible within the issuer, clearly identified by name and function, confirming that, in their opinion, the financial statements drawn up in accordance with the applicable set of accounting standards give a true and fair view of the assets and liabilities, financial position and profit or loss of the issuer and of the undertakings included in the consolidation and that the management report gives a true and fair view of the development and performance of the issuer and of the undertakings included in the consolidation and a description of the principal risks and uncertainties that they face.

This Document has been prepared to serve both as the Annual Report for the financial year 2022 as set out above and as a source of reference on the Issuer, providing investors and analysts with the minimum information necessary to make an informed judgement on the business, financial condition, earnings and prospects, governance and shareholder structure of the Company as at the date of writing. 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 publication this Document, the Issuer seeks to maintain its status as a frequent issuer of securities pursuant 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

The Regulation (EU) 2019/980 on prospectus has created the framework for a new document, known as the "Universal Registration Document", designed to speed up the approval of the prospectus for frequent issuers of securities. According to the EU Regulation, frequent issuers are encouraged to produce their prospectuses as separate documents, as this reduces the cost of compliance and allows them to react quickly to market

opportunities. Therefore, issuers whose securities are admitted to trading on regulated markets or SMT market have the possibility to prepare and publish, each financial year, a Universal Registration Document containing legal, commercial, financial, accounting and shareholder structure information and to provide a description of the issuer for that financial year. The preparation of a Universal Registration Document allows the issuer to update the information and prepare a prospectus when market conditions become favourable for securities to be offered to the public or admitted to trading on a regulated market, by adding a note on the presentation of the market (shares/bonds) and a summary. The Universal Registration Document is used as a reference source on the issuer, providing investors and analysts with the minimum information necessary to make an informed decision on the company's business, financial condition, earnings and prospects, governance and shareholder structure.

Statement

This Document contains forward-looking statements within the meaning of the laws governing securities in certain jurisdictions. In some cases, these forward-looking statements can be identified by the use of forward-looking terminology, including statements preceded by, followed by or that include the words "may", "will", "would", "should", "expect", "intend", "estimate", "foresee", "anticipate", "plan", "believes", "intends", "plans", "foresees", "continues", "commits", "commits", "is expected", or, in each case, negative forms thereof or other variations or other similar terminology or discussion of future strategies, plans, objectives, rules, goals, events and intentions. These perspectives appear in several places in this document.

Forward-looking statements include statements regarding current intentions, beliefs or expectations concerning, among other things, results of operations, vision, growth, dividend strategy and policy or the industry in which the Company operates. The forward-looking statements contained in this document speak as of the date of this document. The Company undertakes no obligation to release any updates or revisions to any such forward-looking statements contained in this Document to reflect any change in the Company's expectations with respect thereto or any change in events, conditions or circumstances on which any such statements are based, unless required to do so by applicable law.

Forward-looking statements include known and unknown risks, uncertainties and other important factors that are beyond the Company's control and that could cause its actual results, performance or achievements to differ materially from any future results, performance or achievements expressed or implied by such forward-looking statements. These forward-looking statements are based on numerous assumptions about the Company's current and future business strategies and the environment in which it will operate in the future.

Important factors that could cause the Company's actual results or performance to differ materially from those expressed in these forward-looking statements include the factors described in the "Risk Factors" section of the [Universal Registration Document](#) and in other sections of this Document. These factors include, but are not limited to, fluctuations in interest rates; delays in deliveries by manufacturers or distributors due to global semiconductor shortages; the economic and social situation in Romania, which is affected by corruption and money laundering. These risks and the other information described in the section "Risk Factors" are not exhaustive. Other sections of this Document describe other factors that could adversely affect the Company's results of operations, financial position and the development of the industry in which the Company operates. From time to time, new risks affecting the Group's operations and business may arise, and it is not possible for the Company to predict all such risks, nor can it assess the impact of all such risks or the extent to which any such risks or combination of such risks and other factors, may cause actual results to differ materially from those contained in any outlook.

When reading forward-looking statements, investors should carefully consider the foregoing factors and other uncertainties or events, particularly in light of the political, economic, social and legal environment in which the Company operates **Given these risks and uncertainties, investors should not rely on outlook statements as a forecast of actual results.**

Annex 1: Cross References - Annual Report under Regulation No. 5/2018 vs. 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. 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. Analysis of the issuer's business	
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) % of market held;	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 Description of the issuer's risk management policies and objectives	Section 3
1.1.9. Prospective elements regarding the issuer's activity	
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 of the issuer's activities to acquire 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
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.	Point 14.1
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	Section 12

activity within the issuer, as well as those regarding the capacity of that person to perform their duties within the issuer	
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

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
"AGEA"	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: BNET23, BNET23A .
"Regulated Market"	The regulated market managed by the Bucharest Stock Exchange. The market on which the BNET shares and corporate bonds issued by Bittnet Systems S.A. are traded, with the symbols: BNET26E.
"The Universal Registration Document"/"the Registration document"/"the document"	This Universal Registration Document of Bittnet Systems S.A.
"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 88,01% by the Issuer
"SFB"	The company Softbinator Technologies SA – within which the Issuer owns a share of 18,40%
"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 the preparation of this Universal Registration Document relating to the Issuer and its activity has been provided by BITTNET SYSTEMS S.A., a company with registered office in Bucharest, Sector 5, Strada Serg. Ion Nuțu, nr. 44, One Cotroceni Park, Corp A și Corp B, Etaj 4, phone 021.527.16.00, fax 021.527.16.98, website <http://investors.bittnet.ro/>, unique registration code RO 21181848, registration number with the Trade Register J40/3752/2007 ("the Issuer").

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

Mihai Logofătu – Managing Director;

Declarations of responsible persons:

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 RESPONSABLE

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 the preparation of this Universal Registration Document relating to the Issuer and its activity has been provided by BITTNET SYSTEMS S.A., a company with registered office in Bucharest, Sector 5, Strada Serg. Ion Nuțu, nr. 44, One Cotroceni Park, Corp A and Corp B, Floor 4, telephone 021.527.16.00, fax 021.527.16.98, website <http://investors.bittnet.ro/>, unique registration code RO 21181848, registration number at the Trade Register J40/3752/2007 ("the Issuer"), represented by Mihai Logofatu – General Manager.

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., a company with registered office in Bucharest, Sector 5, Serg. Ion Nuțu, nr. 44, One Cotroceni Park, Corp A and Corp B, Floor 4, telephone 021.527.16.00, fax 021.527.16.98, website <http://www.bittnet.ro/>, unique registration code RO 21181848, registration number at the Trade Register J40/3752/2007, as the Issuer of the Shares, declares that after having made all reasonable verifications to ensure that this statement is correct, all the information contained in this Universal Registration Document is, to the best of its knowledge, in accordance with reality and the Document contains no omissions likely to affect its meaning.

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.

Given that the ASF has approved the Universal Registration Document for two consecutive financial years, by Decisions no. 867 of 15.07.2020 and no. 591 of 06.05.2021, starting from 2022 no further prior approval of the Document by the ASF was required, in accordance with the provisions of the ASF's Rules. Article 9, para. (2) of Regulation (EU) 2017/1129. Thus, the Issuer published on the BVB and submitted to the ASF, in May 2022, the Universal Registration Document in order to maintain the status of frequent issuer. The document was amended in December 2022, by an Amendment, as it intended to use it as part of a Prospectus for a capital increase with new cash contributions.

Therefore, the Issuer will not submit this document for approval in 2023 – unless it is part of a Prospectus. In this case, the Issuer will submit the Prospectus for approval by the ASF, and in the event that the Prospectus is approved, the following statements shall also apply to this document:

(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;

To the best of the Issuer's knowledge and applicable at the date of this document, Bittnet is the first and only issuer listed on the Bucharest Stock Exchange to publish annually, starting with 2020, the Universal Registration Document, thus obtaining and maintaining the status of frequent issuer of financial instruments.

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 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 tax registration number 6546223, company authorized by the Chamber of Financial Auditors of Romania with 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 most recent financial audit report was prepared in March 2023 and is based on the financial statements for the year 2022.

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, bidder 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, of which we list a part 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 RON 100 of gross margin, from how many RON 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 RON of sales is needed to produce the committed margin of RON 100”, 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 RON 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, 2019, 2020, 2021 and 2022, the General Assembly approved a stock option plan for 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 “Millenials” 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.

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 the company ONE United Properties for a space in the ONE Cotroceni Park (OCP) building, for a period of 5 years and having as starting date 1 February 2022. The previous lease agreement, concluded with Bucuresti Mall Development and Management Srl, was unilaterally terminated by Bittnet Systems starting with 31 May 2021.

At the date of publication of this report, the Company has a lawsuit filed by Anchor Group concerning “claims”. Given the early stage of the litigation, we were unable to 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.

During 2023, 3 issues of the Issuer's bonds will mature. During 2022 the Issuer has made a new bond issue, denominated in Euro, with a cost of more than 10% - higher than the cost of the bonds previously issued in 2016, 2017, 2018 and 2019. In 2023, the Issuer is expected to refinance part or all of the bond issues and this exposes us to the risk of borrowing at higher interest rates, depending on the economic environment at the time of the transactions. The bank financing has fully variable interest rates, such as "ROBOR + a margin", which additionally exposes us to the risk of interest fluctuation.

Risk associated with the qualified audit opinion on the 2022 financial statements

The company prepared and presented the interim (quarterly, semi-annual) and final (preliminary and final) financial statements of 2022 according to the accounting policies described in the Notes to the Financial Statements. In Note [07], the revenue recognition policy is presented, in accordance with IFRS 15 ("Revenue

from contracts with clients"), the paragraphs regarding the status of Agent or Principal. The same accounting policies were used to present the financial statements of the years 2021 and 2020, reviewed "without reservations" by the same auditor.

Although IFRS 15 standard didn't change in 2022, the Group still reanalyzed the revenue recognition accounting policy, also taking into account those mentioned in the interpretation ("decision agenda") provided by the Committee for the Interpretation and Maintenance of IFRS Standards ("IFRIC - IFRS Interpretation Committee") in May 2022 regarding the resale of software licenses ("software resellers"). Thus, in the light of the new guidelines, the Group has identified 5 categories of software licenses traded in the period 2021-2022 - Autodesk licenses, Adobe licenses, Axigen licenses, AutoCAD licenses and Corel licenses - which represent resales of standard software licenses ("resale of standard software licenses"), in that in these cases the Group does not sell the rights associated with these software licenses in combination with its own value-added services, but only mediates their sale from producers / distributors to end customers. As such, the Group decided to amend the revenue recognition policy for the above-mentioned categories of standard software licenses resold with a singular character (i.e. without being combined with its own value-added services), considering that in these cases it acts as an Agent. Revenues resulting from the resale of these standard software licenses were recognized on a "net" basis, i.e. the resulting gross margin was fully recognized as income, with zero sales costs. However, in the case of the 2022 annual consolidated financial statements, the auditor expressed a reserved opinion, considering that there are indications that, as in the case of other revenues from the resale of IT&C solutions, the Group would not act fully as Principal but also as Agent in relation to some clients or some deliveries. If other auditors will express the same opinion, the Issuer will have to change the way of presenting the financial statements, from the point of view of the revenues and direct expenses related to the IT&C integration activity. Profit, equity, assets and liabilities are identical between the presentation methods proposed by management and auditors, but the turnover can be significantly lower in the case of treating our quality as "Agents". The auditor could not estimate the value of the additional correction (i.e. in addition to the one already applied by the Management) needed on the turnover. In the maximum case where we completely eliminate any direct cost from the turnover - if we consider that we are Agents in all deliveries to all clients - the "IFRS Turnover" indicator would record the value of 42.7 million lei for the year 2022 and 23.4 million lei lei for 2021, values equal to the amounts currently presented as gross margin.

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 validly operating in accordance with the laws of Romania, with registered office in Bucharest, Sector 5, Serg. Ion Nuțu, nr. 44, One Cotroceni Park, Corp A and Corp B, Floor 4, registered at the Commercial Registry of the Bucharest Court with number J40/3752/2007, tax registration number: 21181848. The issuer's place of business is located in Bucharest, Sector 5, Strada Serg. Ion Nuțu, nr. 44, One Cotroceni Park, Corp A and Corp B, Floor 4, 050691 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 segments of Network Infrastructure and IT Training being the largest share in the turnover. Since 2021, the Issuer has diversified its IT services area through M&A investments (mergers and acquisitions of new companies) in the cybersecurity area, by acquiring majority stakes in the companies Global Resolutions Experts and ISEC Associates, thus creating a skills hub in the area of cybersecurity within the Group's Technology Division. The Issuer also expanded its investments in the software development area in 2021 by acquiring a 61% stake in Nenos Software and 60% in Nonlinear SRL. Along with the 2 areas – cybersecurity 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 bought 100% of the shares of a competitor in the IT education area: Computer Learning Center SRL. In H2 2022, the Issuer completed the 2 M&A transactions involving the acquisition of TopTech SRL and 2NET Computer SRL.

Currently, 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 2022, the activities of the group companies within the two divisions were:

Education Division:

- **Technical Skills**
 - **Bittnet Systems SA** (tax registration number 21181848): the 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.
 - **Computer Learning Center SRL** (tax registration number 26065887), owned entirely by Bittnet, is an IT training company which focuses on the cybersecurity area, founded in 2009, with a long history of serving clients in the corporate area.
- **Human Skills**
 - **Equatorial Gaming SA** (tax registration number 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, through its own developed games.
 - **The eLearning company SA** (tax registration number 30760571): 23% owned by Bittnet Systems SA, is an entrepreneurial company that offers eLearning courses for companies.

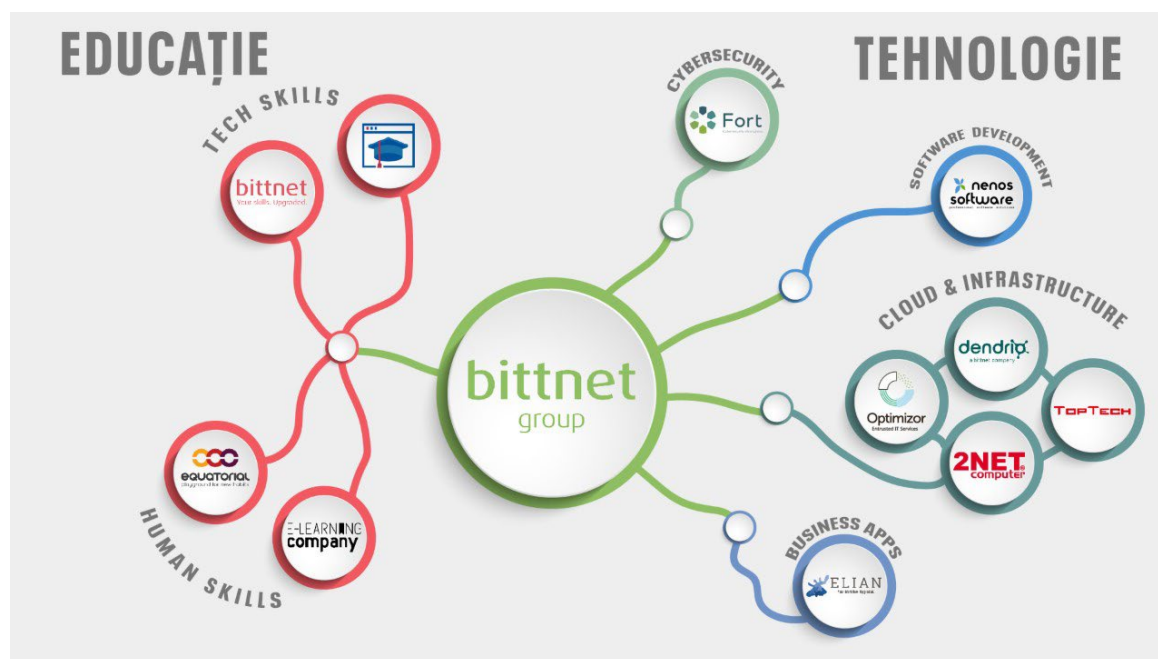
Technology Division:

- **Infrastructure and Cloud**
 - **Dendrio Solutions SRL** (tax registration number 11973883), wholly owned by Bittnet Systems, is the only multi-cloud integrator in Romania, partner certified to the highest standards by Cisco, Microsoft, Google, Amazon Web Services, but also by many other vendors, is the company that brings together IT&C integration activities from Bittnet, Gecad Net and Crescendo.
 - **IT Prepared SRL** (tax registration number 35456175), 50.2% owned by Bittnet Systems, is a managed services company founded in 2016, providing IT support services mainly to the US market. ITPrepared's client portfolio is primarily based on US companies, but also contains a number of local clients. Managed services represent the outsourcing of responsibility for maintaining and anticipating the need for a range of processes and functions that aim to improve operations and reduce expenses within a company.
 - **Top Tech SRL** (tax registration number 2114184) is owned as of September 2022 by Bittnet Systems SA (40%) and by Dendrio Solutions SRL (60%). TopTech is a Romanian IT&C company founded in 1992 in Deva. Currently, TopTech has partnerships with the most important technology manufacturers, such as Dell or HP, for the delivery of IT equipment, solutions and services. The company has more than 80 employees and collaborators being one of the most important integrators in the central and western part of Romania. TopTech has offices in Deva, Sibiu, Timisoara, Cluj-Napoca, Alba-Iulia and Medias.
 - **2NET Computer SRL** (tax registration number 8586712) is 100% owned by Dendrio Solutions SRL from September 2022. With over 20 years of experience, 2net computer SRL provides IT&C products and services mainly in the Brasov area and in the center of the country for local and international customers with presence in Brasov, Harghita and Covasna counties. 2net computer provides technology products and solutions from international vendors.
- **Business solutions (ERP)**
 - **Eliau Solutions SRL** (tax registration number: 23037351), a company founded in 2008 and 51% owned by Bittnet Systems SA, is a Microsoft Gold Certified Partner for ERP solutions.
- **Software development**
 - **Nenos Software SRL** (tax registration number 29612482), 61% owned by Bittnet Systems, is a custom software development company, with focus in Artificial Intelligence and Machine Learning (AI/ML).
 - **Nonlinear SRL** (tax registration number 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.
- **CyberSecurity**
 - **ISEC Associates SRL** (tax registration number: 23037351), 70% owned by Bittnet, is a company that offers professional services in the cybersecurity area, providing auditing, consulting and penetration testing services in classical and managed services. The company holds numerous certifications (ASF, BNR, CISA, CISM, CEH, CISSP, OSCP, CDPSE, ISO 27701, etc).
 - **Global Resolution Experts S.A. (GRX)**(tax registration number 34836770), 60% owned by Bittnet, is a professional services company in the cybersecurity area, offering penetration testing, as well as

design, implementation and maintenance of cybersecurity solutions. Wholly owns GRX Advisory SRL (tax registration number 43813325), with similar services.

In August 2022, Bittnet announced its intention to merge the 2 GRX entities (Global Resolution Experts and GRX-Advisory) and ISEC Associates into a single company, [rebranded FORT](#), and to list the newly created company on the AeRO-SMT market administered by the BVB.

Currently, the group has more than 200 employees and collaborators working for one of the companies in the consolidation perimeter (holding more than 50% of the share capital and voting rights)



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.

In recent years the Issuer has continued to build alternatives for customers to consume the services of group companies. Although none of these alternatives became significant in the previous financial year in the sense of exceeding 10% of the group's revenues, we consider it beneficial to mention them both as directions of development and as a demonstration of continued development.

The issuer is continuously developing products and services in each of its business lines in line with customer requirements.. This is "regular business" and does not represent significant efforts, significant resources allocated, but only customer focus decision.

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:

*AN	2018	2019	2020	2021	2022
IT&C Integration	83%	87%	88%	87%	90%
IT&C Training	17%	13%	12%	13%	10%

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

The main market in 2022 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, EtazU, 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).

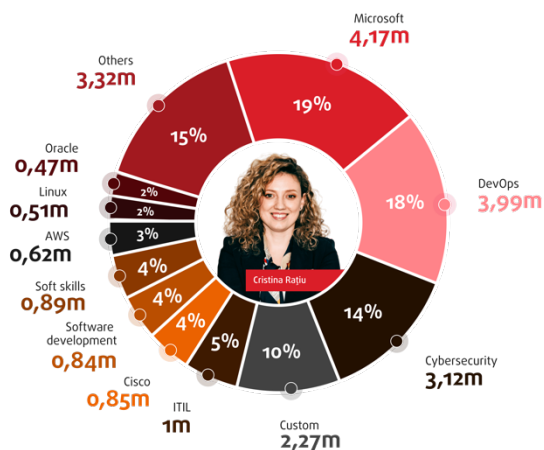
Adding EQG and ELC to this landscape improves our group's competitive position, providing basically a wider product offer for our customers.

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.

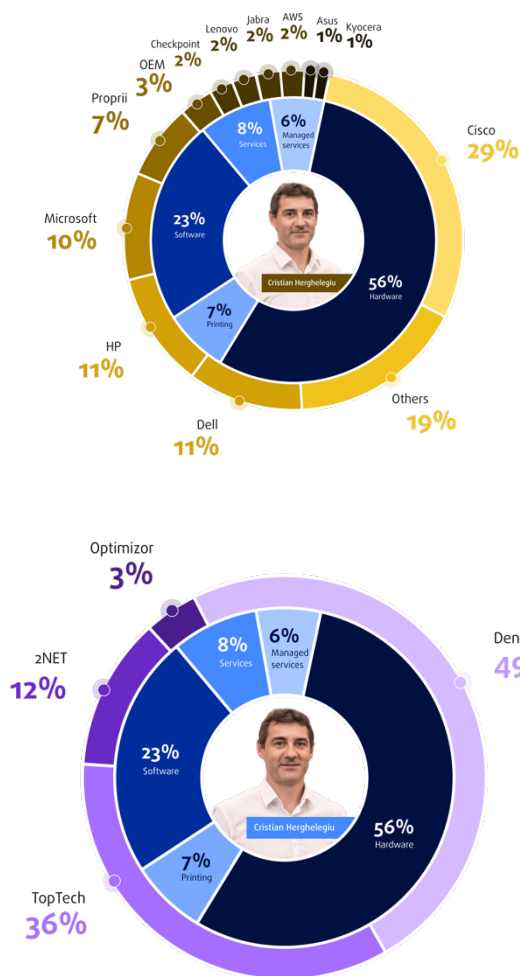
Within the activities carried out by the Technology Division, the competitive landscape is very fragmented, with a lack of significant focus on activity segments. We state that Dendrio is the first provider of multi-cloud solutions in Romania (integrating both Amazon Web Services and Microsoft Azure 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.

We present below the breakdown of the total customer relationship revenues recorded by each of the business pillars and their breakdown by product and service category:

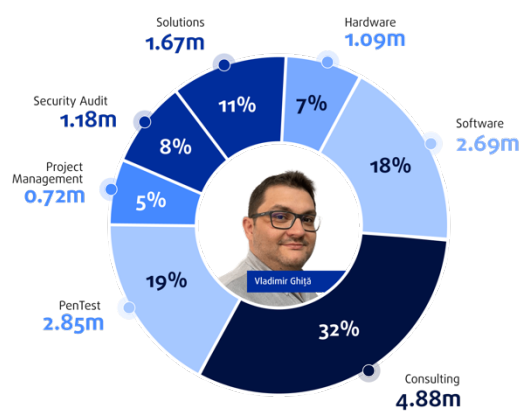
Trainings delivered by Bittnet Education in 2022



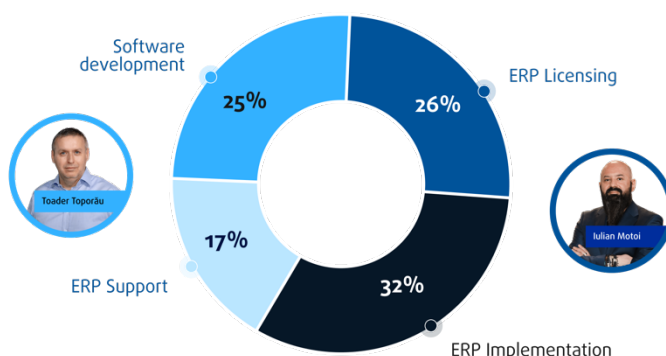
Cloud and Infrastructure in 2022:



Cybersecurity (Fort) in 2022



Software & Platform development in 2022:



5.3. Important events in the evolution of the issuer's activities

EDUCATION Division

Under the leadership of Dan Berteanu (VP of Education), this business pillar contains 3 companies, offering training to adults in two areas: Technical Skills and Human Skills in classic face-to-face, Virtual Remote but instructor-led, or eLearning format. These are:

- **Bittnet Systems SA** (Tax registration number 21181848): the parent company of the group, listed on BVB. It carries out the holding activity plus the IT Training activity – it is managed by Cristina Ratiu (CEO Bittnet Training) and is the undoubted leader on this market in Romania.
- **Computer Learning Center SRL** (tax registration number 26065887), owned entirely by Bittnet, is an IT training company which focuses on the cybersecurity area, founded in 2009, with a long history of serving clients in the corporate area.
- **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.
- Additionally, Bittnet owns 23% of **The eLearning company SA** (CUI 30760571), an entrepreneurial company offering courses in eLearning format for companies. Founded in 2012, it has recorded another year of significant revenue growth in 2022 to RON 4 million.

In 2022 we saw significant growth in the education division's metrics and indicators, both in turnover and number of projects, people in the team, trained students and trainers we worked with. This has involved sustained efforts to increase resilience but also the ability to think creatively and innovatively and find delivery solutions.

One of our strategic priorities for the past year has been to build a functional and accountable Middle Management team, realising that this structure is the backbone of our division. We are glad that at the end of the year we can say that this goal has been achieved, we have today a "Head of..." for each team involved in the Buyer's Journey, and a management team made up of professionals who work together and help each other.

In addition to the management team and functional team development sessions, finding the right delivery resources (trainers) continues to be the division's biggest challenge, so towards the end of the year we built a coherent strategy to increase our resources and become a centre of excellence in delivering IT training and

human skills for people in the IT industry. We expect the results of this new approach to take effect in the first half of 2023.

Last year was also the time when we were able to integrate all brands in the Education Division into the same operational flow - Buyer's Journey - and develop all the technology infrastructure that monitors activity and allows us to measure and improve both process and performance in each functional team.

Below we invite you to discover the main events and achievements within each team involved in the Buyer's Journey, structured according to a new format: before, during and after the sale to the customer.

BEFORE THE SALE teams: Marketing & Product

Technical Skills business line

The year 2022 has been a solid foundation in terms of extended market communication and increasing Bittnet Training's brand awareness among consumers. Thus the marketing plan was shaped around awareness campaigns, with the focus on increasing current audiences.

Awareness activity together with well-defined lead nurturing processes helped the sales funnel to generate a total of 600 MQL (Marketing Qualified Leads), a 20% increase in qualified leads compared to the previous year.

Through the websites www.bittnet.ro, www.ctrln.ro and www.devopsartisan.com we were able to interact with more than 110,000 unique visitors, and the digital campaigns we created were displayed to more than 8 million cumulative users. These results form the basis on which we are building this year a complete interaction and sales process for the Romanian IT market.

In 2022, the Product Management department introduced 2 new vendors to the Bittnet portfolio: EC-Council and UiPath. Additionally, we have expanded our training offer in the area of DevOps tools, by introducing Prometheus and Grafana courses in our portfolio.

At the national level, we strengthened our relationship with Microsoft Romania, which materialised in a series of large projects carried out in partnership with them, including the training project for around 900 employees in public administration.

Thanks to the close relationship we have cultivated with the Cisco vendor, in 2022 Bittnet was on the short list of companies that could accept payment through Cisco Learning Credits vouchers and one of the few partners that got the green light to develop a Cisco custom course, which will be sold globally only by Bittnet.

Another major vendor where we focused our efforts was AWS, where we were selected to be part of the AWS Fully Funded pilot program, in which the vendor fully sponsored professional-level course participation for strategic partners.

In the area of promotion, the department focused on lead generation through the development of relevant content and product campaigns for vendors of interest. We created a total of 4 eBooks on the topics of tech trends, cybersecurity and cloud and launched and ran a total of 10 promotional campaigns, generating a total of 912 downloads of educational resources and approximately 294 of total inbound leads.

In the latter part of the year, in line with the strategy to strengthen and expand the business model, we worked on creating a video studio and setting up a relevant content plan, both initiatives being the building blocks for the proprietary e-learning product to be developed in 2023.

Human Skills business line

In order to improve the experience of users and especially training consumers, the development of the www.equatorial.ro website and the iKnowLMS platform were part of the process of developing the infrastructure that can support future marketing actions.

In March-April 2022, we conducted a quantitative market survey in Romania in which we enrolled over 300 respondents - IT team leaders - in order to identify their needs in terms of social and interpersonal skills development. This study reinforced the training product designed specifically to meet the needs of IT leaders in developing human skills. Together with the quantitative study, the PR actions, the video materials developed as part of the F5 Podcast and the booklet of learning programs aimed at tech team leaders supported marketing efforts in 2022 and reinforced market confidence in the Equatorial brand.

The E-learning Company focused in 2022 on how to use the iKnowLMS platform, increase interaction and increase the number of students trained. At the end of 2022, the platform recorded over 64,000 users, an increase of 37% compared to the previous year, and total online course accesses reached 313,000. The graduation (completion) rate of courses is on an upward trend, having improved steadily over the last 5 years, and 2022 shows a graduation rate of 92%, well above the market average.

DURING THE SALE teams: Demand Generation si Business Development

For teams in this stage of the Buyer's Journey, 2022 was a year of confirmations. We understood that the processes implemented during 2021 were chosen correctly, and in 2022 we were able to test and refine them to achieve the best results.

Demand Generation

As a result of the inbound process, based on 600 MQLs (Marketing Qualified Leads), 199 SQLs (Sales Qualified Leads) were generated in 2022, 14% more than in 2021.

The Outbound channel has strengthened its strategies to address targeted verticals and managed to qualify 118 SQL, 39% more than 2021. Niche specialisation and improved internal processes have made this significant growth possible.

Consolidated, the Demand Generation team qualified a total of 317 SQLs, which generated won opportunities worth RON 1 Mil and other still open opportunities worth RON 2.95 Mil.

Business Development – technical skills business line

During 2022 the BD – tech skills team managed a number of 1359 opportunities, of which we closed with "won" status a number of 737. We closed the year with a realised figure of 20.9 Mil RON – an increase of 95% compared to 2021, out of 92 active clients.

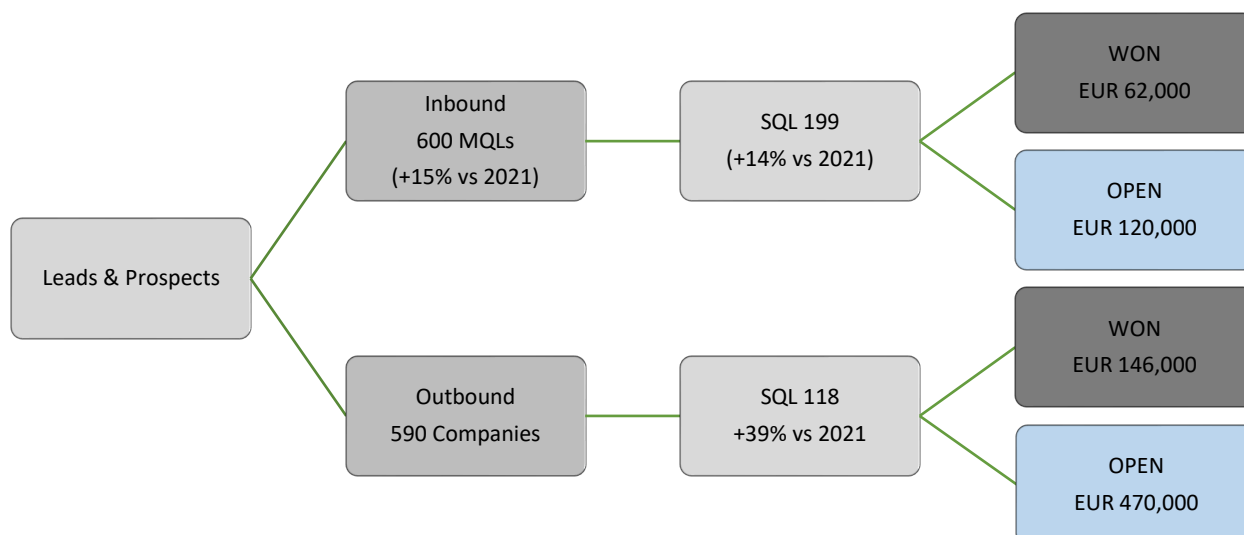
The fact that 30% of our clients come from the IT&C/Software Development sector confirms the validity of our decision to focus on a growing niche market with an increasing appetite to allocate significant budgets. In addition, 28% of them are clients we have been working with for at least 5 years.

Business Development - human skills business line

The year 2022 meant a more specific focus for the whole activity, i.e. addressing an extremely particular niche market: specialising on training and supporting Technology Team Leaders who have been in this role for up to 3 years.

In order to serve this strategic direction, on the one hand it was necessary to build a special training product dedicated and adapted to this population of Learner Persona, and on the other hand it was necessary to reposition and change the approach to the market by addressing a different Buyer Persona than the classic profile. Thus, in a year of transformation of the way of working and paradigms, we reached a figure of RON 1.6 Mil of which more than 40% was achieved by technology companies, i.e. those in the newly assumed strategic direction.

For 2023 we maintain our focus on market niches with increased business opportunities that contribute to the achievement of the organization's objectives.



AFTER THE SALE teams: Training Delivery și Customer Success

This year, the Training Delivery and Customer Success teams focused on refining the delivery performance and impact of the educational act, as a result class monitoring systems were implemented, working together to create an ongoing development plan for trainers to find new career opportunities.

Technical Skills business line

The year 2022 brought Bittnet teams the success of an accelerated increase in training sessions volume. Thus, at the end of the year we counted over 550 sessions both private and public, with over 5800 trained participants in total, representing almost a doubling of the learners attending our trainings in 2021. This volume has simultaneously led to an increase in the number of trainers to 47 active trainers, including 10 new collaborations.

In parallel with these projects, we have been working steadily on the refurbishment of the dedicated classrooms and reception for learners, which have been brought to the highest level of performance, they are now ready for courses in hybrid format creating a unique adult learning experience. Microphones that pick up sound from any corner of the classroom, or smart boards that can be tracked in real time by the learner at home, are just a few of the innovative ideas that are among the state-of-the-art equipment put in place by our teams and adopted by trainers during delivery. The new facility accommodated over 110 physical courses during 2022.

Human Skills business line

The year 2022 meant for Equatorial Training the continuation of what we started at a qualitative level in 2021 (Learner Persona profile) with the conduct of a quantitative and qualitative study with over 300 technology team leaders in Romania. As a general conclusion we confirmed that the transition from the level of expert in the operational area to the role of team leader is not always accompanied by participation in interpersonal skills development programmes. There is therefore a pressing requirement to address this challenge.

This was followed by the development and running of the First Time Lead in Tech program as a learning journey, which includes a mix of learning methods from various game mechanics, short lessons with lots of visuals, diagrams, videos in an LMS platform - Future skills. All of these are interspersed with classroom/virtual

lessons, one-on-one sessions and team coaching/actor bootcamps. The feedback we have got is very good, which gives us reason to believe we are heading in the right direction.

We have done all this to our clients in a total of 173 group sessions, 75 individual sessions with almost 700 participants.

This year the **Customer Success** team attended over 30 private training sessions, either in the classroom or online, which allowed us to be close to the learners and trainers, their needs and preferences. We gathered important information for customers both during the course and afterwards through feedback forms sent out immediately after the course but also a month after the course to understand how they apply the information received and the skills learned in their daily work.

Client appreciation for this effort can be seen in the increase of the average participant feedback value to 4.83. Over 100 feedback analysis reports were sent to Bittnet clients for review in 2022.

We paid special attention to our top customers by organizing regular discussions where we monitored their priorities and followed an action plan to support them in achieving their goals. The L&D teams involved enjoyed the support we provided and we started working on recommendations and testimonials to publish in the first part of next year.

Financial Results for Education Division

TRAINING	31.Dec.22	31.Dec.21	Evolution
Income	20,726,951	14,183,062	46,1%
Cost of sales	11,448,177	6,912,476	65,6%
Cost of sale of goods	550.054	237.354	131,7%
Man-hours	10,898,123	6,675,121	63,3%
Gross margin	9,278,774	7,270,586	27,6%
Other revenues	2,398,847	1,256,150	91,0%
Sale/distribution expenses	4,854,912	3,922,351	23,8%
Staff expenditure	3,948,114	2,861,612	38,0%
Advertisement	906.798	1,060,739	-14,5%
Administrative expenses	7,143,307	4,842,664	47,5%
Staff expenditure	2,160,297	1,650,449	30,9%
Amortization	1,896,154	1,315,200	44,2%
Other third party services	1,742,076	1,102,128	58,1%
Other expenditures	961.361	362.974	164,9%
Operating profit (without one-offs)	(370.518)	(1,138,336)	-67,5%
EBIT	(320.598)	(238.280)	34,5%

Individual Financial Statements – Bittnet Systems S.A. – the Issuer/the Parent Company

BITTNET SYSTEMS SA	31.Dec.22	31.Dec.21
Income	15,795,263	13,069,342
Cost of sales	(7,430,641)	(6,704,212)
Gross margin	8,364,623	6,365,131
Other revenues	786,869	106,160
Sale/distribution expenses	4,338,330	(3,673,493)
Administrative expenses	6,784,880	(4,812,795)
Other expenses	(535,365)	-
Gain/(loss) of equivalent securities	273,630	773,014
Financial Income	6,403,955	13,729,833
Financial expenses	(3,989,287)	(2,389,300)

Gross Profit	(181,214)	10,098,550
Tax	437,677	(929,932)
Net Profit	618,891	9,168,718

The Technology Division :

Infrastructure and cloud

Under the leadership of Cristian Hergheliegiu (VP of Technology), this business pillar contains 4 companies, offering complex IT solutions to corporate, large corporate, enterprise and public sector customers across the country.

The projects developed by the companies in this technology cluster cover a broad spectrum of solutions, starting from physical communications infrastructure, perimeter security, video systems, digital signage systems and computing and printing systems and continuing with the design and implementation of complex data centre/hybrid or cloud IT architectures, enterprise networking, cyber security platforms and the implementation of related software platforms, including collaboration platforms (modern workplace).

The services provided are both project-based and managed services, with managed services being delivered mainly to clients in mature markets, Europe and the United States. The companies that are part of this pillar are:

- **Dendrio Solutions SRL** (tax registration number 11973883), 88% owned by Bittnet and managed by Iulian Zamfir, is the only multi-cloud integrator in Romania, partner certified to the highest standards by Cisco, Microsoft, Google, Amazon Web Services, but also many other vendors, being the company that brings together IT&C integration activities coming from Bittnet, Gecad Net and Crescendo.
- **TopTech** (tax registration number 2114184), 86% owned by Bittnet, and managed by Dragos Groza, is a company with a 30-year experience, integrating IT infrastructures (communications, data processing, physical security systems) from vendors such as Dell, HP, Xerox or Microsoft, with a regional presence, 6 branches in Transylvania and Banat and a team of over 86 specialists.
- **2Net** (tax registration number 8586712), wholly owned by Bittnet and managed by Mr. George Tomescu – the founder of the company who also stayed with us during the transition process – it is a company specialized in the sale of equipment and the implementation of IT infrastructure solutions with regional presence, having presence in Brasov and Covasna counties (thus contributing to the national presence of the group).
- **Optimizor - formerly IT Prepared SRL** (Tax registration number 35456175), 50.2% owned by Bittnet and managed by Alexandru Ana, is an entrepreneurial managed services company ("Managed services") founded in 2016, providing IT support services mainly to the US market. ITPrepared's client portfolio is primarily based on US companies, but also contains a number of local clients. Managed services represent the outsourcing of responsibility for maintaining and anticipating the need for a range of processes and functions that aim to improve operations and reduce expenses within a company

For the technology division, 2022 was an extremely dynamic year, marked both by business growth (over 24% revenue growth across the division) and numerous changes to the company structure. The entry of two new companies into the division (TopTech and 2Net), the concentration of cybersecurity companies under one brand, 2 rebranding processes carried out in 2022 and the preparation of a new rebranding process for 2023 but also changes at operational and team level for Dendrio - are some of the significant events that took place in 2022. Briefly:

- **M&A:**
 - TopTech and zNet join the Cloud&Infrastructure pillar of the Technology Division
 - Signing of yet another deal for this business segment: Dataware – transaction in the approval phase at the Competition Council.
- **Rebranding:**
 - IT Prepared has become **Optimizor** (managed services made simple)
 - GRX+ISEC became **FORT** (cybersecurity services).

Dendrio

The year 2022 was a year of growth for Dendrio (revenues up almost 20% YoY). However, the accelerated revenue growth (compared to the previous cycle) was accompanied by an even faster growth in expenses, growth generated by three major directions:

1. Team consolidation (three teams came into existence in 2022: Project Management Office, Sales Development Representatives and Customer Success); we expect the structure created this year to allow the company to participate in complex projects required by the National Recovery and Resilience Plan;
2. accelerated growth in team costs - competition with global companies for access to specialists - competition accentuated by the opening of international markets
3. Disruptions in the global supply chain have led (among many other negative consequences) to increased unpredictability of deliveries and consequently sub-optimal allocation of human resources.

Starting in the second part of 2022, the company has begun to implement a plan of measures to correct this situation and enable it to maintain growth trends in the future. These measures include:

- Attracting a new colleague, co-manager of Dendrio and COO, to the management team - thus aiming to increase the operational efficiency of the company
- Introducing a structure based on separate P&Ls for each business function; in this way pre-sales, project management or delivery teams become profit generators and will calibrate their work accordingly
- We have launched an initiative to recalibrate the small and medium customer segment resulting in a reduction in the number of customers per segment, which will continue into 2023; we will focus on customers that can be optimally served by Dendrio profitably
- Set a 2023 spending target close to 2022 spending, focusing on increasing business profitability;
- The entire technology division – Dendrio by default – will focus on profitability, with growth targets still important but subject to profitability.

Operationally we can mention:

- Increase in the IT consulting services component (architecture and technology uptake) in relation to implementation services that are correlated with hardware infrastructure
- Increasing the volume of projects with a significant cybersecurity component by over 60%.
- Strengthening and integrating processes across the dedicated mid-market team and expanding the Sales Development Representatives team across the technology division.

- Strengthening strategic partnerships with telecoms operators and other specialist partners, which we believe will continue into 2023
- Increase the number of recurring service contracts provided on a monthly or annual subscription basis.
- Re-evaluation of the portfolio of services and products to diversify the solutions we provide, with a major focus on software solutions, to counteract existing disruptions in the supply chains for hardware components, which we expect to continue over the next 18-24 months.

TopTech

TopTech is an IT infrastructure integration company (communications, data processing, physical security systems) with a regional presence, with 6 branches in Transylvania and Banat regions and a team of over 86 specialists.

From an operational point of view, the company closed a very good year, with an increase of over 30% in revenues and a significant increase of over 23% in services. These results were achieved with a minimal increase in the team (7% increase compared to 2022);

Among the highlights of 2022, we mention:

- The company's 30th anniversary – a confirmation of both the quality of the team and the trust that customers place in TopTech
- The appointment of a new Managing Director from the TopTech team, Mr. Dragoş Groza. Dragoş has successfully managed the Timisoara branch for more than 16 years, managing to turn it into one of TopTech's most successful subsidiaries.
- Delivering the first group projects together with Dendrio

For 2023 the company aims to maintain accelerated growth by investing in the development of delivery teams, strengthening the position with our technology partners (Dell, HP, Jabra and many others) and increasing the mix of products and services delivered with group companies.

2NET

2Net is a company specialized in equipment sales and implementation of IT infrastructure solutions with a regional presence, having presence in Brasov and Covasna counties (thus contributing to the national presence of the group).

The company has seen a revenue growth of over 10% in 2022, focusing in 2023 on strengthening the regional team (across all functional areas), maximizing partnerships with technology providers and diversifying the solutions portfolio, with a focus on growing the service components.

As part of this consolidation program starting in Q4 2022 a new Commercial and Operations Manager joined the management team, Mr. Bogdan Cuciureanu – an executive with over 25 years of experience in the IT&C industry, both in Romania and the United States.

Optimizor (former IT Prepared)

Optimizor complements the division's solution portfolio and in particular the business model: while all other companies in the cloud & infrastructure pillar deliver professional services (on a project basis) Optimizor delivers IT services on a subscription basis.

This business model, combined with the delivery of services mainly to foreign markets (United States) but also to Romanian companies with a regional presence in Europe, has led to a significant increase in the company's operations of over 35% of revenue and an increase in the operating margin close to 200%; this growth was possible due to:

- Expansion of the international client portfolio while maintaining a small team
- Automation of delivery processes - which is a *modus operandi* for the Optimizer team;
- The team's ability to address the digitization strategy/impact discussions that IT processes are creating at company level

Other important events held in 2022:

- Development of the service portfolio by adding the automation of cyber security processes; although it is still an emerging market, in the global context the demand for such services is growing rapidly
- Launch in the works of a platform aimed at small and medium sized companies; the product will incorporate expertise gained by Optimizer in external markets and sales will start in 2023

Cybersecurity – Fort

Under the leadership of Vladimir Ghiță, this business pillar contains 3 companies providing cybersecurity services to corporate, large corporate, enterprise and public sector customers across the country. The companies that are part of the group are:

- **Global Resolution Experts S.A. (GRX)**(tax registration number 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.
- **GRX Advisory SRL** (tax registration number 43813325), wholly owned by GRX, provides professional services in the area of cybersecurity, penetration testing, as well as design, implementation and maintenance of cybersecurity solutions.
- **ISEC Associates SRL** (Tax registration number: 23037351), 70% owned by Bittnet, is a company that offers professional services in the cybersecurity area, providing auditing, consulting and penetration testing services in classical and managed services. The company holds numerous certifications (ASF, BNR, CISA, CISM, CEH, CISSP, OSCP, CDPSE, ISO 27701, etc).

Cybersecurity continues to be an area of great interest worldwide, with a great potential for development in the coming period. This is largely due to the increasing volume of threats that companies in all industries are facing. It is estimated that by 2025 the losses from cybercrime will reach USD 10.5 trillion, while the average cost of a single data breach event is around USD 4.35 million. This context will lead to a global market for cyber security services of around USD 188 billion in 2023.

Fort aims to leverage this favourable context in terms of the services it provides by meeting the unsolved needs of customers to identify, understand and solve potential security gaps. The reduced number of companies and cybersecurity experts has a positive impact on the demand for the company's services, which has been observed throughout 2022. We expect the trend of increasing demand to continue into 2023, especially given the continued diversification of attacks and the increasing sophistication they bring to the cyberspace.

Continued investment in 2022 with regard to human resources has enabled the delivery of a considerably higher number of projects, which is reflected in the positive dynamics of turnover. Although the results are significantly better compared to 2021, there is still a need to recruit, specialise and retain cyber security experts. Globally, it is estimated that there are around 3.5 million unfilled positions available to be tackled in 2023. This is also true for Fort, with the company's growth being more of a challenge from a delivery team perspective and less in terms of identifying and capitalizing on new sales opportunities. In order to ensure an adequate level in terms of teams, the company intensified in 2022, but mainly in the second semester, the recruitment mechanisms, using in this respect collaborations with 5 providers of "head-hunting" and "talent scouting" services.

The economic and international context of 2022 was tumultuous to say the least. January was characterised by relatively steady activity compared to previous years, a situation also observed in the first part of February. The war in Ukraine, however, was a turning point for the end of the first quarter and the second quarter. The months of February to May were peppered with multiple cyber-attacks, some of them even reported in the press, leading to an increase in companies' cyber security needs. Fort, thanks to its team of highly trained experts and highly efficient response times, has been able to respond to these needs and thus generate new collaborations with various companies on the local market.

The addition of new professionals to the team has enabled the strengthening of existing partnerships with Fort's traditional clients, while maintaining a high level of quality and a strong focus on fast turnaround. In particular, there has been an increase in requests for consultancy on various aspects of cyber security, penetration testing and implementation of specific solutions that protect companies against cyber attacks. On the other hand, although a number of needs have been identified in the area of cyber incident response, investment by small and medium-sized companies in the area of business continuity and resilience in the event of an attack is proving to be at a low level, a sign that the market is not yet ready to effectively counter cyber risks.

Among the highlights of 2022, we can mention:

- The start of a project based on European Funds through which an innovative system based on new technologies, namely Artificial Intelligence, will be developed. The project will be completed in 2023, with revenues most likely in the first quarter of 2024.
- Expanding the team of experts - as in previous years, Fort faced a shortage of skilled resources in 2022, as the company is in a highly specialized environment and where training and educating teams takes on average 12 months. In order to counteract these situations, a variety of actions have been considered, such as sponsoring events in university and postgraduate education, launching a retraining programme together with another company in the Bittnet group, through the CTRL+N programme, or participating in events specific to the cybersecurity industry. During the year, 4 simultaneous recruitment processes were launched, which resulted in a 20% increase in staff, with the company currently relying on more than 35 experts participating in delivery processes.
- 2022 was the first year that the Global Resolution Expert (GRX) and ISEC Associates teams operated together under the Fort brand, which was challenging from an operational point of view and in terms of unifying administrative and organisational processes.

Platforms and Software Development

This segment comprises the following companies:

- **Eliau Solutions SRL** (tax registration number: 23037351), managed by Iulian Motoi, is a company founded in 2008 and 51% owned by Bittnet Systems SA. Gold partner certified by Microsoft for ERP solutions.
- **Nenos Software SRL** (tax registration number 29612482), managed by Toader Toporau, is a company 61% owned by Bittnet, being a custom software development company with focus in Artificial Intelligence and Machine Learning (AI/ML).
- **Nonlinear SRL** (tax registration number 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.

Eliau Solutions

We would dare to say that for Eliau Solutions 2022 was (again!) an exceptional year, achieving an overrun of the set budget; in this respect the company recorded a 74% increase in turnover, with a significant increase in implementation services (implementation provided 40% of revenue, compared to 26% in 2021). The increase in the share of services is due to the expansion and strengthening of the delivery team, with a direct consequence of increasing the capacity to deliver projects to customers.

The team

- We have continued the recruitment process started in previous years, going on the same recruitment principle (attracting senior type resources, which have the ability to enter production in a shorter timeframe). If at the end of 2021 we had a team of 32 people, in 2022 the team reached 46 – an increase of more than 40% in delivery resources.
- As I said before, Eliau management focused on strengthening each individual team and increasing project delivery capacity. In percentage terms, the implementation team (consulting and implementation) generated revenue in 2022 172% higher than the revenue generated in 2021.
- Another factor that contributed to increasing delivery capacity and achieving the above results is the operational performance objective (KPI) for consulting and programming teams that the Eliau team implemented starting Q2 2022: self-planning – each team member does their task management together with the Team Manager and Project Manager. In this way there is clear traceability on delivery times, resource load and possible deviations from the delivery deadlines. The KPI is calculated by number of tasks per week.
- The certification process on the Dynamics 365 Business Central solution was continued.
- The accelerated growth trend will continue in 2023- the company is still planning to expand the team, with the potential to double the team by the end of the year.

Projects/customers

- The company continues to target large projects with a large number of users, including outside Romania.
- The trend from previous years continues, more and more customers are opting for subscription/cloud licensing instead of purchasing a license. This translates into strengthening recurring income from monthly subscriptions.
- Software as a service licensing launched
- In 2023 we expect the share of subscription customers to grow further
- 2022 saw increased demand for upgrading to the latest system release from Microsoft. More and more customers have decided to switch from various older versions of NAV to Dynamics 365 Business Central on the latest Microsoft technology. Both the general benefits of the latest versions released by the manufacturer, the legislative requirements (SAFT, e-Factura) and the limitations of older technologies have led to a sharp increase in interest to upgrade.

Nenos

The company continued to grow the business albeit at a relatively slow pace – a 10% increase in revenue and 17% increase in gross margin – due to the closure of previous projects. The company has managed this situation nimbly, reducing related operating costs (and team size) proportionately. However, targets remain for accelerated growth based on a set of actions:

- **Continue to expand sales activity**

- within Nenos Software by adding a dedicated international expansion colleague to the Sales Development Specialist team
- **Rebranding and marketing campaigns.** At the end of 2022 the Nenos Software rebranding campaign was started. The industry in which Nenos Software operates, namely Artificial Intelligence, is constantly developing and moving, so together with the group's marketing team we are reconsidering the company's communication strategy.
- **The new generation of developers.** It's time for the final exam for students in the first generation of Nenos Academy. We are proud of the participants who have made it this far, who have met the requirements and performed homework prepared by the mentors, for the two junior categories: FullStack Web Developers and Python Developers. We support students' development at all stages and encourage them to accumulate information at the pace they feel comfortable with. We are also proud of those Nenos Academy students who have bonded with our team during this training journey, and then chose to become our colleagues. We hope that the current edition, which started in December, will give us the chance to discover talented, passionate young people eager to join us in the job market!

Financial Results of Technology Division

INTEGRATION	31.Dec.22	31.Dec.21	
Income	171,429,539	95,630,674	79,3%
Service provision	44,765,567	24,436,315	83,2%
Sale of goods	126,663,972	71,194,359	77,9%
Cost of sales	137,964,090	78,507,195	75,7%
Goods/materials	107,085,166	60,945,932	75,7%
Cloud services	5,364,091	5,491,123	-2,3%
Hours-Man	25,514,833	12,070,140	111,4%
Gross margin	33,465,449	17,123,479	95,4%
Other revenues	1,082,612	2,830,936	-61,8%
Sale/distribution expenses	8,938,419	5,624,928	58,9%
Hours-Man	7,736,151	4,878,758	58,6%
Advertisement	1,202,268	746.171	61,1%
Administrative expenses	16,966,292	6,738,504	151,8%
Hours-Man	7,516,037	3,163,323	137,6%
Amortization	2,528,829	1,073,068	135,7%
Other third party services	3,024,728	1,201,580	151,7%
Other expenditures	1,062,861	403.923	163,1%
Operating profit (without one-offs)	8,743,338	5,017,862	74,2%
EBIT	8,643,349	7,590,984	13,9%

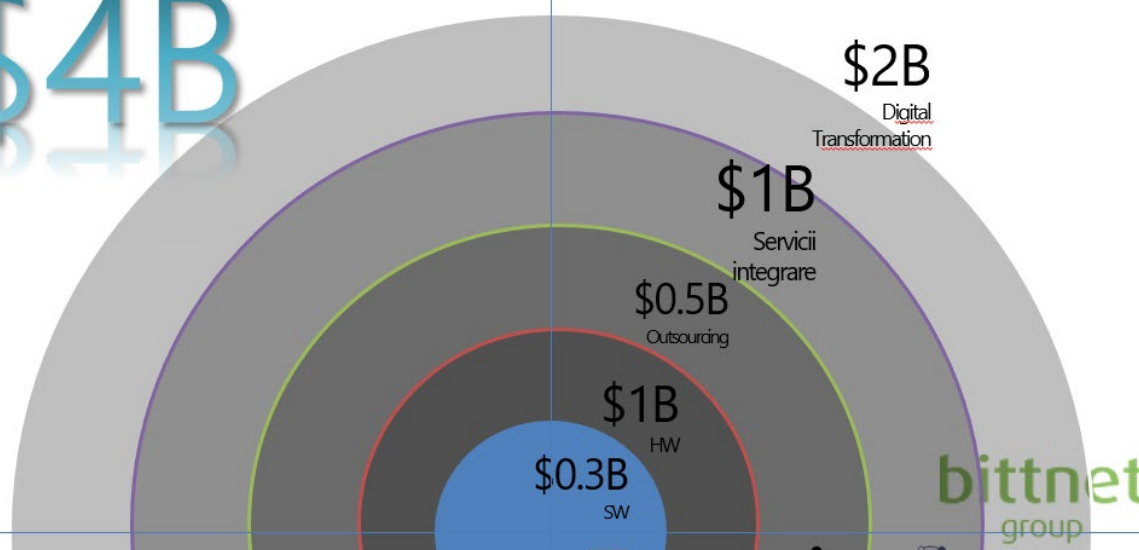
5.4. Strategy and objectives

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) estimate 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 in 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



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 grown in all directions and its contribution to GDP formation has exceeded the 7% threshold and will reach 10% by the end of 2025. The phenomenon has accelerated in recent months as the pandemic has highlighted the need for

public and private organisations to reinvent themselves through technology and the need to train digital skills among their employees.

According to the DESI index that measures the degree of digitization in EU countries, Romania ranks last 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 market for IT specialists has officially passed the 200,000 threshold, according to a recent study published by ZF, i.e. twice as many as 10 years ago; the industry outlook is that the need for specialists will double in the next 10 years.

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 organizations continue their journey toward digitalisation, forced by adaptation to the new context with funding either from their own resources or from accessing government programs supported with EU funds.

At the Bittnet Group level, we have previously launched 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 1 December 2020 we launched the CTRL+N retraining programme. Today, almost 3 years after the public announcement of the intention to develop this programme, we are happy to make available online courses offered by 5 of our trainers. So far, more than 200 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 also in the future.
- 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 our journey towards the 2024 objective: consolidated business of RON 500 million, we rely on operational transformation (in the sense of aligning internal processes to our clients' buying experience 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.

The year 2022 was dynamic in terms of M&A projects. We completed 2 investments and signed another significant transaction. On 06.09.2022, we also announced the signing of the documents marking the completion of the TopTech transaction.

On 21.09.2022, we informed the market about the signing of the completion certificate and related documents for the full acquisition by Dendrio Solutions of zNET Computer SRL.

Both transactions have been successfully completed and National Trade Register Office (NTRO) has registered the changes in the shareholding of the two companies Top Tech SRL and zNET Computer SRL. The two M&A transactions were partially financed (75% of the purchase price) by an investment loan contracted by Dendrio from Banca Transilvania.

On December 9, 2022 the Issuer informed the market about the signing of the share purchase agreement for the purchase of a 70% stake in DATAWARE CONSULTING SRL (hereinafter referred to as "Dataware" / "DTW"), an integrator of IT&C products and services. Dataware will thus join the Cloud & Infrastructure segment of the Technology Division of the Bittnet Group and will be integrated into the financial consolidation perimeter of Dendrio (similar to Top Tech SRL and zNET Computer SRL). The contract is worth RON 18,550,000 and will be partially paid in cash (RON 13.55 million) and the remaining amount will be settled in BNET shares (RON 5 million).

Founded in 2011 in Bucharest, DTW is a Romanian IT&C company – implementer of services and technological solutions from IBM, Fujitsu, Cisco, Brocade, HP:

- implementation and configuration of data networks (Cisco and Brocade technologies)
- implementation and configuration of Storage Block&File, SAN - Storage Area Network
- implementation and configuration of Disaster Recovery and Business Continuity solutions
- forensic software implementation
- Security solutions implementation

Following this M&A transaction, Bittnet Group expands its range of IT products and services with new technological capabilities as well as the range of certifications. In 2021, Dataware achieved total revenues of RON 28 million and gross profit of RON 3.5 million. The DTW team is made of around 40 employees and collaborators. For 2022, DTW estimates that it will achieve a turnover of RON 49 million, EBITDA of RON 5.2 million and gross profit of approx. RON 4 million.

More details about DTW and the solutions provided can be found on the company's website at: <https://www.dataware.ro/>. The closing of the transaction depends on the approval of the Competition Council and on certain suspensive conditions usual for this type of transactions. We expect the transaction to be completed in the first half of 2023.

One aspect to keep in mind is that given the current size of the group, and the M&A transactions that are in the pipeline plus pipeline, we believe we have all the ingredients to reach the target of RON 500 million turnover in 2024.

So, while this year we have expanded the team and the environment to support the level of business we expect in 2023 and 2024, but this has "eaten up" almost all of the gross margin generated in addition to the previous year, it leads us to believe that operationally for 2023-2024 the number one internal priority will be

to extract more profitability from the current business. As a result, we aim to complete 2 or maximum 3 more significant M&A transactions, but operationally, internally, we focus mainly on generating positive cash flow and profitability.

We have learned a lot from the difficult and intense process of consolidation through acquisitions and organic growth of the Bittnet Group in a highly fragmented IT&C market and we are aware of the opportunity we now have by diversifying our geographic presence and the areas in which we operate while increasing our revenue generating power at group level and optimising costs. Doubling the annual generating power of total revenue to the size of our group in a single year (2022), including through acquisitions the total annual revenue, is an answer to the strategic questions that are constantly challenging us. Our focus remain generating consistent long-term added value for Shareholder. It is important to stress that generating consistent positive results for acquired company (in any field not only within our group) requires a period of around 18-24 months to integrate, optimise, leverage synergies and scale the business.

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 there is no patent dependency, as they are two companies offering professional services in the area of cybersecurity. The services provided are in the form of auditing, consulting and penetration testing services, both in the classical and managed services regime. The two companies hold certifications 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 analysing the data available from the Ministry of Public Finance (on the business of companies deemed to be competitors) or by analysing 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:

	2019	2020	2021	2022	Explanation on Variation
(1) Goodwill	17,701,643	21,082,977	40,771,174	57,528,189	Acquisition of goodwill for M&A transactions
(2) Other intangible assets	6,425,725	8,820,959	9,219,368	9,077,001	
(3) Tangible assets	6,742,571	5,444,104	2,352,513	27,808,467	Registration as ONE office asset – as per IFRS16
(4) Investments accounted for using the equity method	1,236,738	8,527,500	1,999,840	2,918,940	Payment of tranche 2 Elearning Company transaction
(5) Other financial assets	1,107,049	7.483	2,041,467	2,426,167	

The increase in non-current assets in 2022 is due to the M&A investments made (TopTech and zNet) and, with the start of the rental contract for the offices in One Cotroceni, the recording of the entire value of the contract as an asset in accordance with 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.

All tangible assets of the company are transferred to the new office building ONE Cotroceni Park in Bucharest. In addition to the headquarters in One Cotroceni, the group companies have various offices and presence in cities around the country:

- zNet Computer has 2 working points in Brasov and one in Sfantu Gheorghe
- TopTech – 6 working points, one each in Sibiu, Timisoara, Cluj-Napoca, Deva, Medias and Alba Iulia
- Nenos Software – one working point in Galati municipality

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 move to the new premises, the company will gradually renew the IT equipment used by employees and trainees, opting for a 'pay as you use' approach – renting equipment and not investing in tangible assets – as mandated by the General Meeting of Shareholders. In addition to IT equipment, TopTech also owns a fleet of vehicles, with an average age of 5.4 years and various degrees of natural wear and tear. We consider these assets as non-core, and as they are retired, they will be replaced by rental contracts (operational leasing).

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 a "problem" but a "feature" of such contracts (operating leases or long-term leases).

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 2023, in terms of CAPEX (investment in product development), the proposed maximum budget (which we do not intend to consume) is of RON 10,000,000.

In the Technology Division we mainly focus on the development of existing products and services, as well as on the optimization of workflows. 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.

We wrote in the 2021 document that

we believe that a significant part of business growth will continue to come from reselling and implementing 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 seen from this report, the areas of interest continue to remain, but our investments in this area have taken more of an M&A form - buying part or all of companies with products and services in the areas of interest. We believe that this type of investment will continue to be the most capital intensive in the future, compared to launching new products and services 'in house'. At the General Meeting of Shareholders in September 2021, the 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 continuously invests in the development of IT systems, technology platforms for information access, internal management and IT applications that can be offered 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 General Meeting of Shareholders in September 2021, the shareholders approved an M&A investment budget of RON 200 million for the coming years. At the end of March 2023 the Issuer has signed an M&A transaction with the Romanian company Dataware, which was announced to the shareholders here:

<https://bvb.ro/FinancialInstruments/SelectedData/NewsItem/BNET-Semnarea-unui-contract-de-investitie-cu-Dataware-Consulting-SRL/E091E>

This transaction is at the time of writing under review by the Competition Council. If we obtain the Council's opinion, this transaction will be registered as an investment of RON 18 million (significant goodwill, but less than RON 18 million).

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-areas of activity in the IT&C Services area. Bittnet is today a conglomerate offering investors exposure to the entire IT&C industry in Romania. Each pillar (Business Group) will be able to have direct and independent financing from the capital market, cooperating with the other companies in the group to offer a higher added value to both our 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.
 - **Computer Learning Center SRL** (Tax registration number 26065887), owned entirely by Bittnet, is an IT training company which focuses on the cybersecurity area, founded in 2009, with a long history of serving clients in the corporate area.
- **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.
 - **The eLearning company SA** (tax registration number 30760571), 23% owned by Bittnet, is an entrepreneurial company offering courses in eLearning format for companies.

Technology division

▪ Infrastructure and Cloud

- **Dendrio Solutions SRL** (tax registration number 11973883), wholly owned by Bittnet, is the only multi-cloud integrator in Romania, partner certified to the highest standards by Cisco, Microsoft, Google, Amazon Web Services, and many other vendors, is the company that brings together the IT&C integration activities coming from Bittnet, Gecad Net and Crescendo.
- **IT Prepared SRL** (tax registration number 35456175), 50.2% owned by Bittnet, is an entrepreneurial managed services company ("Managed Services") founded in 2016, providing IT support services primarily to the US market. ITPrepared's client portfolio is primarily based on US companies, but also contains a number of local clients. Managed services represent the outsourcing of responsibility for maintaining and anticipating the need for a range of processes and functions that aim to improve operations and reduce expenses within a company.
- **Top Tech SRL** (tax registration number 2114184) is owned as of September 2022 by Bittnet Systems SA (40%) and by Dendrio Solutions SRL (60%). TopTech is a Romanian IT&C company founded in 1992 in Deva. Currently, TopTech has partnerships with the most important technology manufacturers, such as Dell or HP, for the delivery of IT equipment, solutions and services. The company has more than 80 employees and collaborators being one of the most important integrators in the central and western part of Romania. TopTech has offices in Deva, Sibiu, Timisoara, Cluj-Napoca, Alba-Iulia and Medias.
- **2NET Computer SRL** (tax registration number 8586712) is 100% owned by Dendrio Solutions SRL from September 2022. With over 20 years of experience, 2Net computer SRL provides IT&C products and services mainly in the Brasov area and in the center of the country for local and international customers with presence in Brasov, Harghita and Covasna counties. 2net computer provides technology products and solutions from international vendors.

▪ Business solutions (ERP)

- **Elian Solutions SRL** (tax registration number: 23037351), a company founded in 2008 and 51% owned by Bittnet Systems SA, is a Microsoft Gold Certified Partner for ERP solutions.

▪ Software development

- **Nenos Software SRL** (tax registration number 29612482), 61% owned by Bittnet, is a custom software development company focusing on Artificial Intelligence and Machine Learning (AI/ML).
- **Nonlinear SRL** (Tax registration number 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.

▪ CyberSecurity

- **ISEC Associates SRL** (Tax registration number: 23037351), 70% owned by Bittnet, is a company that offers professional services in the cybersecurity area, providing auditing, consulting and penetration testing services in classical and managed services. The company holds numerous certifications (ASF, BNR, CISA, CISM, CEH, CISSP, OSCP, CDPSE, ISO 27701, etc).
- **Global Resolution Experts S.A. (GRX)**(Tax registration number 34836770), 60% owned by Bittnet, is a professional services company in the cybersecurity area, offering penetration testing, as well as

design, implementation and maintenance of cybersecurity solutions. Wholly owns GRX Advisory SRL (tax registration number 43813325), with similar services.

Investments in listed companies

In addition to the above 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.

If we don't take into account returns, IRR rates, or multipliers, and just look at “cash on cash” we have allocated a total of RON 6.25 million in stock market investments over the period 2020-2022 and have recovered a total of RON 6.1 million. **Thus, we have a cash exposure of RON 140 thousand, which is worth about RON 14 million on the stock exchange..** Although in our opinion both CODE and AST shares are worth significantly more, the IFRS provisions require us to publish a revaluation loss IN THE PROFIT AND LOSS ACCOUNT of about RON 3 million, whereas any investor would like to have a liquid asset of RON 14 million for which he paid RON 0.14 million!

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's 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.

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. All the more so with the increasing number of companies in the group, the group-wide dependence on a single client can be considered today as insignificant. Even if in any of the companies we can identify 1 or 2 customers that have a higher share than the rest of the customers of that company, we consider that the value given by the consolidated size of the group is also reflected in the fact that the group itself will not have problems if one of the companies loses one of the customers with a higher share of deliveries in the sales of that company.

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 offering investors exposure to the entire IT&C industry in Romania. Each pillar (Business Group) will be able to have direct and independent financing from the capital market, cooperating with the other companies in the group to offer a higher added value to both our 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.
 - **Computer Learning Center SRL** (Tax registration number 26065887), owned entirely by Bittnet, is an IT training company which focuses on the cybersecurity area, founded in 2009, with a long history of serving clients in the corporate area.
- **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.
 - **The eLearning company SA** (Tax registration number 30760571), 23% owned by Bittnet, is an entrepreneurial company offering courses in eLearning format for companies.

Technology division

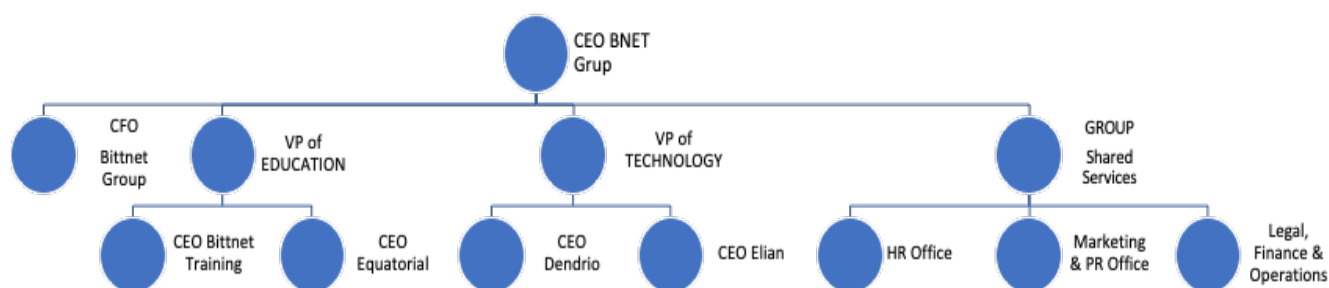
- **Infrastructure and Cloud**
 - **Dendrio Solutions SRL** (tax registration number 11973883), wholly owned by Bittnet, is the only multi-cloud integrator in Romania, partner certified to the highest standards by Cisco, Microsoft, Google, Amazon Web Services, and many other vendors, is the company that brings together the IT&C integration activities coming from Bittnet, Gecad Net and Crescendo.
 - **IT Prepared SRL** (tax registration number 35456175), 50.2% owned by Bittnet, is an entrepreneurial managed services company ("Managed Services") founded in 2016, providing IT support services primarily to the US market. ITPrepared's client portfolio is primarily based on US companies, but also contains a number of local clients. Managed services represent the outsourcing of responsibility for maintaining and anticipating the need for a range of processes and functions that aim to improve operations and reduce expenses within a company.
 - **Top Tech SRL** (tax registration number 2114184) is owned as of September 2022 by Bittnet Systems SA (40%) and by Dendrio Solutions SRL (60%). TopTech is a Romanian IT&C company founded in 1992 in Deva. Currently, TopTech has partnerships with the most important technology manufacturers, such as Dell or HP, for the delivery of IT equipment, solutions and services. The company has more than 80 employees and collaborators being one of the most important integrators in the central and western part of Romania. TopTech has offices in Deva, Sibiu, Timisoara, Cluj-Napoca, Alba-Iulia and Medias.

- **zNET Computer SRL** (tax registration number 8586712) is 100% owned by Dendrio Solutions SRL from September 2022. With over 20 years of experience, znet computer SRL provides IT&C products and services mainly in the Brasov area and in the center of the country for local and international customers with presence in Brasov, Harghita and Covasna counties. znet computer provides technology products and solutions from international vendors.
- **Business solutions (ERP)**
 - **Eliau Solutions SRL** (tax registration number: 23037351), a company founded in 2008 and 51% owned by Bittnet Systems SA, is a Microsoft Gold Certified Partner for ERP solutions.
- **Software development**
 - **Nenos Software SRL** (tax registration number 29612482), 61% owned by Bittnet, is a custom software development company focusing on Artificial Intelligence and Machine Learning (AI/ML).
 - **Nonlinear SRL** (Tax registration number 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.
- **CyberSecurity**
 - **ISEC Associates SRL** (Tax registration number: 23037351), 70% owned by Bittnet, is a company that offers professional services in the cybersecurity area, providing auditing, consulting and penetration testing services in classical and managed services. The company holds numerous certifications (ASF, BNR, CISA, CISM, CEH, CISSP, OSCP, CDPSE, ISO 27701, etc).
 - **Global Resolution Experts S.A. (GRX)**(Tax registration number 34836770), 60% owned by Bittnet, is a professional services company in the cybersecurity area, offering penetration testing, as well as design, implementation and maintenance of cybersecurity solutions. Wholly owns GRX Advisory SRL (tax registration number 43813325), with similar services.

Investments in listed companies

In addition to the above 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.

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:

- **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.
- **Computer Learning Center SRL** (Tax registration number 26065887), owned entirely by Bittnet, is an IT training company which focuses on the cybersecurity area, founded in 2009, with a long history of serving clients in the corporate area.
- **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.
- **The eLearning company SA** (tax registration number 30760571), 23% owned by Bittnet, is an entrepreneurial company offering courses in eLearning format for companies.
- **Dendrio Solutions SRL** (tax registration number 11973883), wholly owned by Bittnet, is the only multi-cloud integrator in Romania, partner certified to the highest standards by Cisco, Microsoft, Google, Amazon Web Services, and many other vendors, is the company that brings together the IT&C integration activities coming from Bittnet, Gecad Net and Crescendo.
- **ITPrepared SRL** (tax registration number 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 client portfolio is primarily based on US companies, but also contains a number of local clients. Managed services represent the outsourcing of responsibility for maintaining and anticipating the need for a range of processes and functions that aim to improve operations and reduce expenses within a company.
- **Elian Solutions SRL** (tax registration number: 23037351), a company founded in 2008 and 51% owned by Bittnet Systems SA, is a Microsoft Gold Certified Partner for ERP solutions.
- **Nenos Software SRL** (tax registration number 29612482), 61% owned by Bittnet, is a custom software development company focusing on Artificial Intelligence and Machine Learning (AI/ML).
- **Nonlinear SRL** (Tax registration number 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.
- **ISEC Associates SRL** (Tax registration number: 23037351), 70% owned by Bittnet, is a company that offers professional services in the cybersecurity area, providing auditing, consulting and penetration testing services in classical and managed services. The company holds numerous certifications (ASF, BNR, CISA, CISM, CEH, CISSP, OSCP, CDPSE, ISO 27701, etc).

- **Global Resolution Experts S.A. (GRX)**(Tax registration number 34836770), 60% owned by Bittnet, is a professional services company in the cybersecurity area, offering penetration testing, as well as design, implementation and maintenance of cybersecurity solutions. Wholly owns GRX Advisory SRL (tax registration number 43813325), with similar services.
- **Top Tech SRL** (tax registration number 2114184) is owned as of September 2022 by Bittnet Systems SA (40%) and by Dendrio Solutions SRL (60%). TopTech is a Romanian IT&C company founded in 1992 in Deva. Currently, TopTech has partnerships with the most important technology manufacturers, such as Dell or HP, for the delivery of IT equipment, solutions and services. The company has more than 80 employees and collaborators being one of the most important integrators in the central and western part of Romania. TopTech has offices in Deva, Sibiu, Timisoara, Cluj-Napoca, Alba-Iulia and Medias.
- **2NET Computer SRL** (tax registration number 8586712) is 100% owned by Dendrio Solutions SRL from September 2022. With over 20 years of experience, 2net computer SRL provides IT&C products and services mainly in the Brasov area and in the center of the country for local and international customers with presence in Brasov, Harghita and Covasna counties. 2net computer provides technology products and solutions from international vendors.

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 full financial report (including the financial statements with notes) can be consulted both on the issuer's own website, dedicated to investor relations, and on the BVB website, namely [HERE](#). The financial statements with explanatory notes can also be consulted on the issuer's investor relations website, namely [AICI](#).

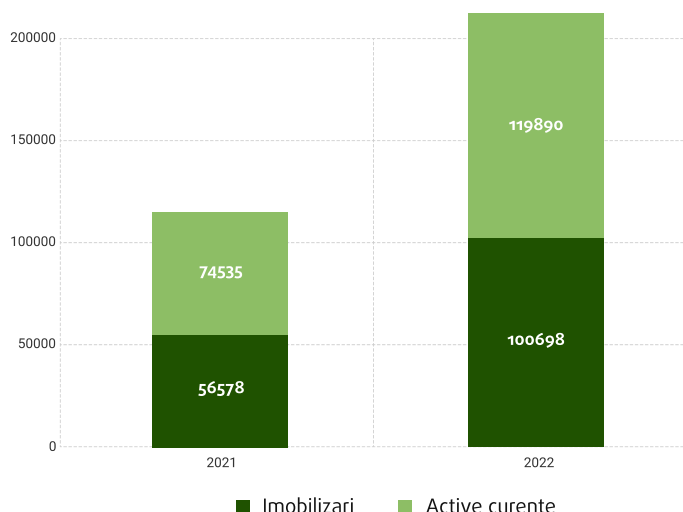
Key elements at the end of 2022:

- IFRS turnover: 192 million lei (+71% vs 2021)
- Gross margin: RON 42.7 million (+74% vs 2021)
- Operating profit: RON 8.4 million (+119% vs 2021)
- Gross profit: MINUS RON 2.1 million
- Cash flow from operating activity: RON 17,99 millions
- Cash position on 31.12.2022: RON 42,3 million
- Equity (net book assets): RON 57.5 million (+10% vs 2021)

Consolidated financial position



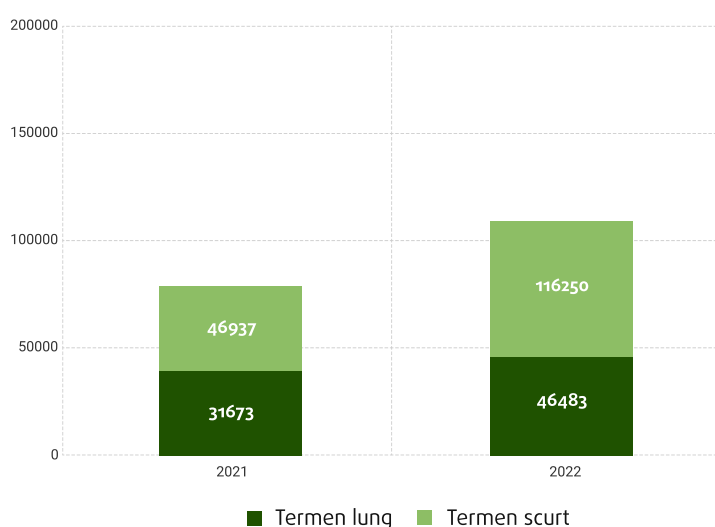
The figures in the graphs are expressed in MILLION RON.



The increase in non-current assets is due to the M&A investments made (goodwill increase of RON 16.8 million), the registration as an asset of the One building where we have our office (RON 21.2 million) – according to IFRS16 and the 'technological equipment' position of TopTech – RON 2.4 million.

The increase in current assets is partly due to the increase in receivables from customers by RON 30 million (90% increase - slightly faster than the increase in turnover) and cash by almost RON 19 million (80%).

The consolidated cash position is RON 42.3 million..



Long-term liabilities increased by RON 8.4 million, as follows:

- Decrease of RON 14 million through reclassification of bonds as short-term debts.
- Increase in bank debts by RON 11.5 million - amount for LBO TopTech and 2Net
- RON 20.2 million – rent for One recorded as long-term debt under IFRS16

Short-term liabilities increased by RON 66 million as a result of:

- The approaching maturity of bond issues (+RON 24 million, of which RON 10

million repaid in January 2023)

- Increase in trade payables position by RON 36 million, in line with receivables from customers and business).

At the end of 2022, M&A debts were RON 10.7 million – converted into equity by the BoD decision of September 2022 – not yet recorded until the completion of the capital increase (March 2023), and trade debts recorded RON 66.9 million, 94% covered by trade receivables. Subunit coverage of trade debts with trade receivables would signal a negative element if the cash position had not increased by 10 million compared to operating profit. In other words, we have seen effective and perhaps overly aggressive management of the supplier relationship.

Shareholder's net equity is at its highest value ever – RON 57,4 million, up 9,5% on the previous year, while gross profit is negative, we have not increased our capital, on the contrary, we have bought back shares for RON 2.6 million. This gives another measure of the relative usefulness of the gross profit figures resulting from IFRS adjustments. Only 35% of the equity came from capital raising operations, and 65% was generated by the business in the 16 years of operation.

7.2. Operating Profit, Profit from Operations, Financial Profit and Gross Profit

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME:

	2022	2021	
Revenues from contracts with customers	192,156,489	112,576,327	71%
Gross margin	42,744,222	24,394,064	75%
Other revenues	3,481,459	4,087,086	-15%
Sales expenses	-13,793,331	-9,547,280	44%
General and administrative expenses	-23,681,362	-12,648,079	87%
Of which Depreciation	-4,424,982	-2,388,267	85%
EBITDA	12,747,733	9,740,971	31%
Operating profit (without one-offs)	8,372,820	3,879,526	116%
One-off result	-50.069	3,473,178	-101%
SOP adjustment	-890.381	-1,066,911	-17%
Goodwill impairment	-495.000		
Pre-acquisition M&A costs	-1,650,821	-1,552,402	6%
EBIT (operating profit)	5,286,548	4,733,390	12%
Profit/(loss) – Equivalent securities	273.630	773.014	-65%
Income/expense from valuation of securities	-2,888,985	9,736,569	-130%
Other financial income	-431.498	2,355,201	-118%
Financial expenses	-4,308,881	-2,995,683	44%
Gross profit	-2,069,186	14,602,491	-114%

Operating profit

The financial results for 2022 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 gross margin exceeds the break-even point set by fixed costs, the following revenues generate a significant increase in profitability: the increase in gross margin is accelerated by the increase in Operating Profit.

For 2022, Bittnet Group achieved consolidated revenues of RON 192 million , up 75% compared to 2021 and an operating profit of RON 8.3 million, up 116%.

Compared to the budget approved in April 2022, consolidated revenues are significantly higher, due to the entry into the scope of consolidation of TopTech and 2Net. Excluding their contribution, the revenue budget is 101% realised. Gross margin increased, as always, slightly more than sales (78% vs. 2021), while sales and distribution expenses are well within budget, increasing, as usual, less than the gross margin generated.

In contrast, administrative expenses have increased significantly as a result of a combination of two factors: rising team costs under the pressure of inflation and the effective growth of the SG&A team (customer support, customer success, sales development) – which we have sized in 2022 as close as possible to the 'final' size needed to deliver business of RON 500 million.

All in all, the group's operating profit increased by more than 100% to RON 8.3 million – a value that is not 'adjusted' for one-off items as was the case in 2021 with the sale of the Autodesk business line. **Note that there is no year in which there was no operating profit!**

Profit from Operations (EBIT)

Profit from Operations (EBIT) had a positive evolution of only 12% (compared to a doubling of Operating Profit) mainly due to the following one-off (and some non-cash) items that are included in Operating Profit, making us consider the Operating Profit indicator more relevant, as follows:

- One-off result: RON -50,069
- Goodwill impairment: RON -495,000
- SOP adjustment: RON -890,381
- M&As pre-acquisition costs: -1,650,821

During each year there are diverse operations outside the usual course of business, either acquisitions or sales of non-core assets, provisions of various types, etc. During 2021 we had 2 significant non-recurring items with a positive effect – the sale of the Autodesk business line and a write-off of debt in the ISEC and CLC companies, while during 2022 we have a negative non-recurring item, also of a non-cash type – goodwill impairment for the Equatorial investment.

About Equatorial / integration into Bittnet Education

We acquired Equatorial in 2018, and in the years since, the team has been fully and effortlessly absorbed and integrated into our group's training division. In 2018, the two companies (Equatorial and Bittnet Training) generated education revenues of just under RON 10 million and a gross margin of almost RON 4 million. In 2022 the two companies generated revenues of just under RON 21 million and a gross margin of almost RON 12 million (exceeding the 2018 turnover!).

In the following, we present some examples where we have used the synergy generated by the two brands or the leverage of knowledge and skills that we have propagated across the Group.

1. ANIS project – we managed to win and successfully implement in an extremely challenging period, i.e. 2020-2021, the “Talent in Tech” training project, with ANIS as beneficiary, worth about EUR 350K, just because we combined Equatorial's experience and expertise in managing projects on EU funds with Bittnet Training's experience and knowledge in the IT market
2. Changing market conditions over the last 2 years have generated the need to reinvent and reposition Equatorial as a company that helps develop the soft skills of IT Team Leaders with up to 3 years experience. This took place in 2022 with the roll out of the Learner Persona study which focused on understanding how IT specialists learn. The results have not only benefited the entire Education Division but give us the opportunity to be in a unique position in the market, that is, we can deliver complex education projects that combine the technical skills of IT specialists/engineers and the interpersonal skills of their managers
3. Leveraging Equatorial's 20+ years of experience in working with the Board and Senior Management Teams of large corporations in Romania we have been able to restructure and reinvent the entire Education Division since the early months of the pandemic. Today's results and the re-enrollment on an upward trend are largely due to this new way of doing business, focusing on the process and getting predictable results with ordinary people, not with “superstars”. Using the same Equatorial expertise and lessons learned from the transformation of the Education Division, we are today in the process of implementing part of the Technology Division and we are confident that we will see the same kind of success in the Technology Division, but with significantly greater magnitude and impact due to the scale of the business.
4. Successful projects with which Equatorial has won awards at HR or L&D community Galas have been replicated throughout the Group. This is how the “People & Culture” function came into being, which

since last year has been coordinating the entire recruitment and onboarding activity, personal development and well-being for all our colleagues!). Last year alone there were 3 internal Academies, one for all Middle Managers in the Group whom we consider the backbone of our organization, one dedicated to the sales force and one dedicated to support functions. The massive participation and the behavioural changes observed in the daily activity will produce visible results in the future, even if they are now intangible and difficult to communicate.

Under such circumstances, the fact that Bittnet Training has a much wider access to customers, has one of the most modern work flow and process organization in the market, while marketing and sales processes have been integrated on the training division, makes that the overwhelming majority of the figures to be accounted for by Bittnet, while Equatorial has neither revenues nor significant costs.

Due to the integration of the Equatorial team, Bittnet Education grew from RON 10 million to 21 million between 2019-2022, in a context marked by pandemics, lockdowns, inflation and war. However, because we have not issued "enough" invoices from Equatorial, the auditors require us to treat the Equatorial investment as a loss – an impairment of goodwill of RON 495 thousand.

SOP adjustments under IFRS2

Over time [we have written extensively](#) about option plans, but we feel it is necessary to go over certain aspects for a clearer picture of the subject:

- Construction of plans
- Their settlement
- Their accounting

Throughout Bittnet's history we have sought to **build win-win partnerships** based on the idea that you can't build a manual of procedures and rules complex enough to eliminate undesirable behaviours, you should rather choose the right incentive systems, all parties involved will pursue the same goal without the need for controls (the "a policeman next to every citizen" approach cannot be applied because we don't have enough cops to guard the cops). At the same time, if we 'share what we have' it is very simple to implement and neither party 'takes advantage' of the other party.

This is also how Stock Option Plans with options are built: key people included in a plan can **BUY** over 2 years a number of shares representing a maximum total of 5% of the Company's shares, at the price per share registered AT THE INCEPTION STAGE OF THE PLAN. Thus, **if (and only if!)** the activity of these key persons has generated an increase in the value of the shareholders' holdings, in two years' time, **a maximum of 1/20th of this increase** may be transferred to the key persons in the form of shares purchased from the company at a price equal to the historical price.

With one notable exception (Softbinator), the other listed companies have no real option plans, they offer key persons the "option" to receive a percentage of the company for free. Hence probably the confusion that "Bittnet plans are higher than the ones of other companies", considering that in our case it is about percentage of the DIFFERENCE in capitalization, or at the other companies it is about percentage of the company.

In our case, the way we treat the team, including sharing the wealth with these option plans works as expected: Over the years, Bittnet has experienced much lower staff turnover than the companies we do business with, or the industry average, and 40% of new colleagues join the group due to referrals from other colleagues.

The settlement of these Stock Option Plans can be made only in two ways: by repurchasing the shares of the company from the capital market in order to transfer them to the holders of options or by increasing the share capital by issuing new shares. The second option obviously dilutes the shares - those who actually

approve this operation. On the other hand, it is the buyback solution that **actually destroys the relevance of the SOP product by effectively decapitalising the company**, because in order buy shares in the market, the company needs to pay cash which leads to decapitalisation. Moreover, at the same time, this option marks a loss of equity as the company buys "expensive" shares from the market that are at a higher price today and sells them "cheaply" at a lower price from the past. Settlement through capital increases, at the average price over the last 6-12 months or the current market price, produces value for both non-participating shareholders and key individuals: as long as the price per share is higher than the book net asset per share, non-participating shareholders increase their asset per share held:

Data	Nr. Initial	Nr. final	Factor Corectie	Actiuni Noi	Eq/Share Initial	Eq /Share Operatie	Eq / Share Rezultat	Accretive ?
23.08.2016	4,504,383	13,513,149	3	9,008,766.0	42.6	0	14.20838	Neutru
10.03.2017	13,513,149	14,514,123	1.074	1,000,974.0	22.9	78.0	26.7	TRUE
05.07.2017	14,514,123	29,028,246	2	14,514,123.0	26.7	0	13.36891	Neutru
04.01.2018	29,028,246	30,444,258	1.049	1,416,012.0	20.5	58.0	22.3	TRUE
02.07.2018	30,444,258	48,710,812	1.6	18,266,554.8	22.3	0	13.92358	Neutru
14.01.2019	48,710,912	51,755,238	1.062	3,044,326.0	28.7	95.0	32.6	TRUE
13.05.2019	51,755,238	55,233,205	1.067	3,477,967.0	32.6	113.1	37.7	TRUE
09.07.2019	55,233,205	110,466,410	2.0	55,233,205.0	37.7	0.0	18.9	Neutru
31.10.2019	110,466,410	116,203,206	1.052	5,736,796.0	18.9	71.1	21.4	TRUE
05.05.2020	116,203,206	127,249,847	1.095	11,046,641.0	10.6	83.0	16.9	TRUE
24.07.2020	127,249,847	216,324,740	1.7	89,074,893.0	16.9	0.0	10.0	Neutru
18.12.2020	216,324,740	229,049,725	1.059	12,724,985.0	10.0	62.2	12.9	TRUE
26.03.2021	229,049,725	247,228,275	1.079	18,178,550.0	12.9	59.0	16.3	TRUE
22.07.2021	247,228,275	395,565,240	1.6	148,336,965.0	16.3	0.0	10.2	Neutru

Accounting for stock option plans is another difference between Romanian accounting standards and IFRS. If companies listed on AeRO do not have to record any cost with the option plan, and when they decapitalise the cash in the company to give free shares to employees, this is accounted for through equity and not P&L. In other words, in RAS accounting, even if the company decapitalizes, there is no expense on the option plans.

By contrast, in IFRS accounting, even if the plans are settled through a capital increase (which in any other context is accounted for on the balance sheet and NOT in the income statement), IFRS2 requires Bittnet (and other companies in the regulated market that have or will have option plans) to account through the income statement as an expense the theoretical first issuance premium of CALL option similar to the plan approved by the General Meeting of Shareholders, REGARDLESS IF THAT PLAN EXPIRES WITHOUT BEING EXERCISED. This issue premium (calculated using the Black-Scholes formula) that the option issuer does not receive is considered 'lost revenue' and is written off to the P&L as a non-cash expense over the life of the plan. In other words, in the case of a properly implemented and shareholder value creating plan, although there is no cash outflow, IFRS accounting shows quarterly SOP expenses, always generating discussion among shareholders and non-shareholders, while for plans that decapitalize the company and are not real options but disguised bonuses, RAS accounting does not show any costs in the P&L at all.

We don't intend to argue what accounting standards should look like, but we believe it is important for investors who analyse companies to understand these differences.

Pre-acquisition M&A costs

As detailed in Note 2 to the financial statements, one of the changes required to the previous financial statements (and different treatment in the 2022 financial statements compared to the previous treatment) was the restatement of the principles for recognition of pre-acquisition costs of participating interests (specialised M&A consulting, financial and legal due-diligence services, legal services, etc.) at the consolidated financial statement level, in accordance with the provisions of IFRS 3, "Business Combinations". Thus, while previously these costs were capitalised in the value of the acquired asset (as is the case for other assets with acquisition or capital repair costs), with this restatement, the related costs of the M&A activity have been

deducted from the operating profit of the reporting period. These are non-recurring costs in that there is no monthly, quarterly, etc. frequency – even if the Issuer has a growth objective through M&A, these projects are by definition random and non-recurring.

Financial Profit - Investments in listed companies

The element that differentiates the 2022 results from 2021 is the contribution of financial profit to gross profit: whereas in 2021 Mark-to-market revaluations of our holdings yielded a financial profit equal to operating profit plus one-off items, this year, **cash sales of holdings in group companies were accounted for only through equity accounts**, while Mark-to-market revaluations of listed company holdings were revalued through P&L. Thus, the comparative impact on the gross result is RON 12.5 million more unfavourable.

In addition to the companies listed in the chapter on operational activity, the Bittnet Group also holds some stakes in companies listed on the BVB, based on the philosophy "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. These holdings are revalued annually through the profit and loss account. In 2021, the revaluation of holdings through the profit and loss account brought in RON 12 million profit, while in 2022, the holdings saw a decrease in market value equal to RON 3.4 million.

As an example, the purchase 2 years ago of shares for RON 1.2 million, shares that on 31 December 2022 were worth RON 12 million, is accounted for as a loss because at the beginning of 2022 their market value was worth RON 16 million. If we don't take into account returns, IRR rates, or multipliers, and just look at "cash on cash" we have allocated a total of RON 6.25 million in stock market investments over the period 2020-2022 and have recovered a total of RON 6.1 million. **Thus, we have a cash exposure of RON 140 thousand, which is worth about RON 14 million on the stock exchange..** Although in our opinion both CODE and AST shares are worth significantly more, the IFRS provisions require us to publish a revaluation loss IN THE PROFIT AND LOSS ACCOUNT of about RON 3 million, whereas any investor would like to have a liquid asset of RON 14 million for which he paid RON 0.14 million!

Financial Profit – Sales of minority interests in group companies

On the journey to the 2024 goal – business operations amounting to RON 500 million – we are relying on an extensive M&A investment programme to strengthen the current portfolio and to continue to expand it. In 2022 we completed 2 investments (TopTech and zNet joined the Cloud&Infrastructure pillar, bringing an annual revenue generating capacity of RON 100 million) and signed a new transaction: if we receive the approval of the Competition Council, Dataware will join the same pillar bringing another approximately RON 70 million annual revenue generating capacity in strategic infrastructure projects.

During 2022 we continued to attract investors to the group companies, by selling to Agista a 12% share of Dendrio's capital (the company that leads and consolidates the Cloud&Infrastructure pillar) – for RON 7.5 million (acquisition cost – RON 800 thousand) and a 14% stake in TopTech for RON 3 million (acquisition cost RON 1.8 million). According to IFRS standards, transactions actually made with the shares of companies where we are not a minority are accounted for by equity. In other words, buying shares 5 years ago for RON 700 and selling them in 2022 for RON 7,000 in cash is not considered a profit item.

Our sales of shares in group companies, which generated a CASH gain of about **RON 8 million, are not accounted for through P&L**. In other words, buying shares 5 years ago for RON 700 and selling them this year for RON 7,000 in cash is not profit, while buying shares 2 years ago for RON 120, which we still hold today, which are listed and worth RON 1,200, is accounted for as a loss because at the beginning of 2022 the market value was RON 1,600.

Combining the treatment of listed holdings with unlisted investments in group companies, the IFRS situation differs significantly from the situation of a private investor. Such an investor, with the same track record as ours, would have had an income statement with RON 8 million profit, instead, according to IFRS rules the above situation represents for Bittnet a loss of RON 3.4 million.

Gross Profit

As a result of the factors described above, the gross profit reported under IFRS is a loss of RON 2 million, compared to a profit of over RON 14 million in 2021.

The management believes that especially the different way of accounting for investments in companies in which we have different percentage holdings generates a more difficult situation for investors to understand, and that is why we have allocated ample space to these analyses. The fact that all the companies in the group are profitable at individual level, the consolidated result being negative, is an unprecedented situation, to the same extent that in a year in which the gross profit is negative and we did not carry out capital increases with contributions, but on the contrary, we returned 2.6 million to the shareholders through buybacks, the net book assets increased.

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 2022 the most important element that had a significant effect on the Issuer's revenues was the very long lead times for hardware equipment – “supply chain crisis”. The Issuer's sales were delayed: whereas in previous years we made a sale (the process of convincing the customer to place an order) and then delivery time took 2-6 weeks, now lead times often reach 9 months, with the effect that the revenue recorded during a year is significantly lower than the sales actually ‘completed’ by the sales team.

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

Generally, there is no R&D activity within the group companies. During 2022, Global Resolution Experts signed a project co-financed by European Funds, through which an innovative solution based on artificial intelligence will be delivered. **The value of the whole project amounts to RON 7.34 million, of which the European funding amounts to RON 5.74 million.** Compared to the total revenue in 2022, the grant funding represents about a third of the annual turnover – in other words we could not have developed this project with our own resources.

Instead, the project deliverable will be Fort's intellectual property and represents the most important achievement of over 8 years of experience in the insurance industry, primarily in terms of instrumentation of the motor claims analysis and settlement process. The solution will provide users with the ability to automatically identify damaged elements of a vehicle and make predictions on the estimated cost of repair.

Although cybersecurity is only a tangential component of the project, Fort's involvement was made possible by the company's long-standing collaborations in insurance and the know-how the project team has in the areas required for the research approach.

During 2022, the existence of the project affected the company's profit by approximately RON 150,000. For 2023, the financial impact of the project will be about RON 850,000. However, as a result of the project, regular revenues of at least RON 250,000 are expected annually, starting in 2024.

Section 8: Capital resources

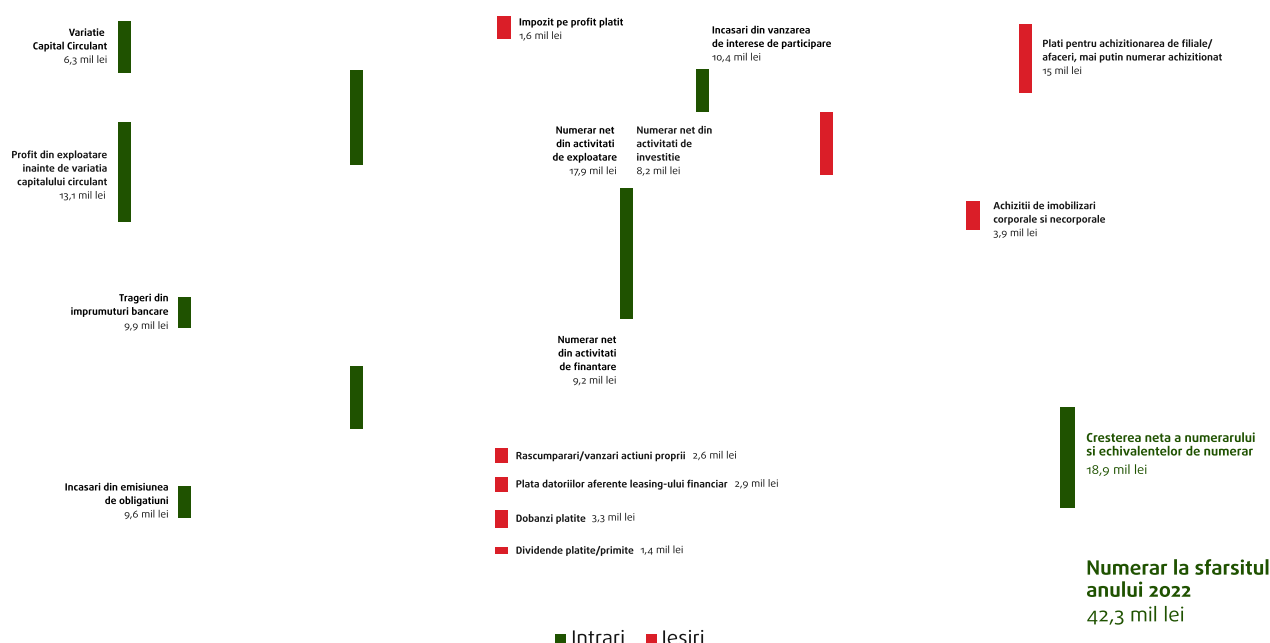
8.1. Information on the issuer's capital resources (short and long term).

At the end of 2022, the issuer's equity exceeds RON 57 million. In the first quarter of 2023, the Issuer carried out a capital increase operation with new contributions that increased equity resources by RON 32 million, of which RON 29 million were contributions from shareholders and RON 3 million were M&A debt. 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. At the time of drafting this Universal Registration Document, the Company has 2 issues of bonds tradable on the SMT-Bonds market of the BVB (BNET23, BNET23A, BNET23C) in the total amount of RON 15.4 million, and an issue of bonds in Euro, listed on the regulated market of the BVB – BNET26E, in the amount of approximately RON 10 million (at year-end exchange rate). All capital resources borrowed from bond issues are initially available with a long-term maturity. In the case of BNET23 and BNET23A bonds, they will mature during 2023.

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

If 2021 can be summarized by the statement "financing activity was neutral, while cash from operations was allocated to new investments – the acquisition of new companies", the year 2022 can be simply described as: "financing activity brought in RON 9.2 million, almost entirely allocated (RON 8.2 million) to the acquisition of new companies, while the cash generated from operations is entirely in the cash increase – cash position at the end of the year". **2016 continues to be the only year in the company's history in which operating cashflow did not register a positive value.**



Notable elements in the cashflow development:

- The change in working capital added RON 6.4 million to operating cash, as opposed to 2021 when it decreased by RON 5.5 million.

- In 2022 we placed RON 15 million in acquisition of companies, an increase of 6 million compared to 2021.
- We acquired fixed assets amounting to RON 3.9 million (RON 2.65 million fit-out and RON 1.3 million continued investment in IT platforms)
- Transactions with listed financial assets brought in RON 700 thousand in cash
- We allocated RON 2.6 million to share buybacks – value returned to shareholders and taken into account when determining the equity IRR indicator
- We issued bonds denominated in euro for approximately RON 10 million and we contracted bank loans of almost RON 10 million
- We paid interest of RON 3.3 million and dividends to minority interests of RON 1.4 million.

We note that the CAPEX investment requirement for maintenance is specific to the IT sector in which we operate - around the low level of 1% of annual turnover, which is beneficial for investors.

The consolidated statement of cash flows for the end of the financial year is provided in the table below:

	31.Dec.22	31.Dec.21	31.Dec.20	31.Dec.19
<i>Cash flow from operating activities:</i>				
Gross profit	(2,069,18)	14,602,491	1,484,246	(5,138,122)
Adjustments for:				
Depreciation expenses	4,424,982	2,388,267	1,993,939	1,897,637
Impairment goodwill	495.000			
Expenses related to disposed assets	12.517	102.899		
Benefits granted to SOP employees	890.381	1,066,911	1,574,721	1,001,644
Adjustments for inventory impairment				
Adjustments for the depreciation of receivables	198.849	46.258	(262.885)	84.551
Expenses related to acquisitions of participating interests	1,650,821	1,552,402		
Interest expenses and other financial costs	3,604,056	3,039,320	3,362,206	3,754,304
Interest expenses and other financial costs - leasing	724.899	341.387	475.040	427.980
Interest income and other financial income	(90.607)	(103.643)	(151.350)	(371.828)
Investment income	3,411,090	(11,988,124)	(1,168,120)	(6.411)
Equity securities gain	(273.630)	(773.014)	171.521	
Operating profit before working capital change	12,979,173	10,275,153	7,479,317	1,649,755
Variance of the receivables accounts balances and other receivables	(15,174,426)	(1,342,417)	3,224,995	(9,646,903)
Variance of the inventory accounts balances	2,240,336	(27.748)	1,410,184	(1,949,146)
Variation in trade liabilities and other liabilities accounts	19,341,027	(4,147,634)	(3,683,943)	18,710,744
Cash generated from operation	19,386,111	4,757,355	8,430,553	8,764,451
Profit tax paid	(1,391,092)	(978.608)	(310.495)	(603.701)
Net cash from operating activities	17,995,019	3,778,747	8,120,058	8,160,750
<i>Cash flow from investing activities:</i>				
Payments for acquisition of subsidiaries/businesses	(15,023,596)	(9,004,190)	79.279	(709.920)
Payments for the purchase of participation interests	(830.127)	(861.219)	(4,027,500)	-
Proceeds from the sale of participating interests	10,447,460			
Loans granted to related entities	240.000	(184.889)	0	341.538
Goodwill acquisition			(5,450,000)	
Acquisitions of tangible and intangible assets	(4,054,298)	(1,627,488)	(957.162)	(893.873)
Other investments in financial instruments	(4,179,499)	(2,015,800)	(291.580)	
Proceeds from other financial investments	4,809,727	7,829,183		
Collected dividends	134.220	670.082		
Interest received	111.911	82.339	130.897	405.486
Net cash from investment activities	(8,344,203)	(5,111,981)	(10,516,066)	(856.770)
<i>Cash flow from financing activities:</i>				
Proceeds from share issue		10,412,024	8,851,720	-
Repurchases/sales of own shares	(2,603,739)	66.096	(949.483)	
Drawings from bank loans	9,951,863	(0)	6,110,872	-

Repayments of bank loans	-	(1,944,388)	(2,700,000)	(813,770)
Proceeds from bond issue	9,609,806	-	-	9,600,000
Repayments of bond issues	-	(4,500,000)	-	(4,186,000)
Payment of finance lease liabilities	(2,956,494)	(1,261,365)	(1,608,115)	(1,500,098)
Interest paid	(3,326,805)	(2,869,324)	(3,200,475)	(2,627,877)
Dividends paid / received	(1,428,279)	(39,267)	(59,972)	
Net cash from financing activities	9,246,353	(136,225)	6,444,546	472,255
Net increase in cash and cash equivalents	18,897,168	(1,469,459)	4,048,538	7,776,235
Cash and cash equivalents at the beginning of the year	23,403,197	24,872,655	20,824,117	13,047,882
Cash and cash equivalents at end of financial year	42,300,365	23,403,197	24,872,655	20,824,117

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

At the time of writing, Bittnet Group operates the following bank lending products in terms of working capital and current activity financing from the following financial institutions:

ProCredit Bank

In February 2020, Bittnet Systems converted the loan product amounting to RON 2,790,000 also contracted with ProCredit Bank from a revolving overdraft into a loan with monthly repayments of principal and interest. The new maturity of the loan was set for a period of 36 months and the interest rate remained unchanged, ROBOR 3M + 2.5%. The last instalment of this loan was paid in February 2023.

Also, in December 2020, the Group informed shareholders about the signing of a bank loan agreement between Dendrio Solutions and ProCredit Bank. The total amount of the facility is RON 5,000,000 and the purpose of the loan is to finance Dendrio Solutions' working capital and current activities. The maturity of the product is 36 months and the interest rate is ROBOR 3M + 3% per year. The collateral for this loan product was: cash collateral deposit for 10% of the facility amount.

On July 23, 2021, the Addendum for the extension of the credit line – revolving overdraft amounting to Ron 4.5 million – contracted by Dendrio Solutions from ProCredit Bank in July 2019 was signed. The extension was made for a period of 24 months and under the same conditions with the initial credit agreement. The interest rate remained ROBOR3M + 2.4% p.a., and the destination of the product is to finance the working capital and the current activity of Dendrio Solutions.

ING Bank

In November 2018, the Group concluded an overdraft revolving financing contract with ING Bank Amsterdam, Bucharest Branch worth 2,000,000 RON, with an interest rate of ROBOR1M+2.9% per year and a maturity of 1 year, with the possibility to extend it. The loan will be used to finance the working capital and current activity of Dendrio Solutions SRL. The facility is available to Dendrio Solutions for financing working capital and current activities. In October 2019, the Group extended the overdraft granted by ING Bank NV Amsterdam - Bucharest Branch for a period of 12 months and under the same conditions as the initial agreement. In January 2020, the Group extended the credit facility for an additional period of 7 months.

On August 16, 2021, was signed the addendum for the extension of the credit line – revolving overdraft in the amount of Ron 2 million – contracted by Dendrio Solutions from ING Bank in November 2018. The extension was made for a period of 12 months – until August 2022 – under the same conditions as the initial agreement. The interest rate remained ROBOR1M + 2.9% p.a.

In August 2022, the Group's management took the decision to close this loan product by repaying the borrowed balance.

Banca Transilvania (BTRL)

On 06.09.2022 Dendrio Solutions contracted a credit product in the form of a ceiling – investment loan – from Banca Transilvania in the maximum amount of RON 11,000,000 financing 75% of the price of the transactions for the acquisition of shares of TopTech SRL and 2NET Computer SRL. The investment loan was contracted for a period of 7 years and the repayment method is monthly, by constant instalments. The annual interest rate is variable and consists of the 3-month ROBOR index plus the Bank's fixed margin of 2.50%. The collateral for this loan product are the chattel mortgage on the Dendrio Solutions accounts opened with Banca Transilvania, the chattel mortgage on the shares acquired in the two companies, the guarantee from Bittnet Systems as co-signer, the guarantee issued by the European Investment Fund. Dendrio Solutions has made 2 drawdowns from this ceiling, after signing the closing procedures with the selling shareholders of the two target companies, paying the consideration of the acquired shares. The 2 drawdowns amounted to RON 9,724,885. In Q1 2023, a pro-rata prepayment in the amount of RON 1.3 million was made following the sale of a 14% stake in Top Tech to Agista, as per the agreement with the Bank.

On 20.10.2022, the issuer informed the investors about the signing of a credit agreement with Banca Transilvania. The agreement is in the form of a ceiling/line of credit – revolving overdraft – in the amount of EUR 1.8 million and is intended to finance the working capital and current activities of Dendrio Solutions SRL. The maturity is of 12 months with the possibility of extension and the interest rate is EURIBOR 6M+2.15% per year. The guarantees constituted for this loan are: chattel mortgage on all the outstanding receivables of the borrower, mortgage on the bank accounts opened at Banca Transilvania and trust agreement on behalf of the majority shareholder, Bittnet Systems SA.

The drawdowns from the BT loan will provide the pre-financing component for Dendrio Solutions' current and future IT&C integration projects, thus strengthening the Group's bank financing structure. The Group's management has chosen to explore the opportunity to borrow in foreign currency in view of the evolution of monetary policy interest rates over the last year, which has led to an increase in interest rates on RON loans.

In December 2018, Dendrio Solutions SRL contracted a credit cap banking product from Banca Transilvania. The total value is RON 1,000,000, for a period of 15 months and allows quick access to the following facilities: corporate credit line; issuance ceiling for various types of non-cash GSB (bank guarantee letters, participation in tenders, letters for good execution, guarantee of payment to suppliers, refund of advance payment, etc.). Interest on this facility is composed of: ROBOR3M+3.8% and is calculated on the amount actually used.

Dendrio Solutions uses this banking product in order not to tie up its own cash resources in order to issue letters of guarantee and, where necessary, to release cash from guarantee instruments that required, in the past, the blocking of its own cash.

The company informed the investors, on 10.11.2021, about the extension of the credit agreement between Dendrio Solutions and Banca Transilvania, (contracted in December 2018) for the ceiling of issuing bank guarantee letters and at the same time the addition of the maximum limit of use up to RON 2,300,000, under the following conditions: the product of the corporate credit line type will have a validity of 24 months with the possibility of extension; the destination of the ceiling is for the issuance of all types of bank guarantees in the national currency (bank guarantee letters for the proper execution of contracts, for participation in bidding procedures, guaranteeing the payment of suppliers, refunding advances etc.) and the interest is ROBOR6M+5.6% per year applied to the used balance.

Guarantees provided: chattel mortgage on Dendrio Solutions accounts opened with Banca Transilvania and Bittnet Systems SA sole associate guarantee.

In November 2019, the Group signed a factoring agreement with Banca Transilvania for invoices discounting in the commercial relationship with a customer in the telecom industry. The contract has the following

coordinates: Type of banking product: factoring cap without regression for the advance payment of receivables; Maximum financing cap: RON 3,000,000, Percentage coverage: 100% of the invoice value, Interest: 1.5%+ROBOR1M per year, calculated on the value of projects, Validity: 16 months with extension possibility

Unicredit Bank

In February 2023, Elian Solutions extended the revolving-overdraft facility contracted with Unicredit Bank and increased the ceiling availability up to the amount of RON 1,600,000, under the same conditions agreed with the Bank one year ago. Maturity of the facility: 12 months with the possibility of extension; Interest rate: ROBOR3M+3% p.a.; Structure of the guarantee: movable mortgage on the current accounts opened at Unicredit Bank, general assignment of receivables, Letter of corporate guarantee issued by Bittnet Systems SA.

Raiffeisen Bank

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

In November 2022, the additional act of extending the credit facility that 2Net Computer had contracted from Raiffeisen Bank was signed. The new deadline is 18.10.2023. The extension was carried out under the same conditions as the initial agreement, the only change being the exclusion from the guarantee structure as surety guarantor of the former 2Net shareholder. The value of the facility is RON 2,500,000 and is intended to finance the working capital and current activity of the borrower.

Apart from this contract, 2NET has signed with Raiffeisen Bank two other credit contracts each worth RON 1,000,000 with maturities on 10.10.2023 and 20.05.2023, respectively.

BRD

In April 2022, an addendum was signed, extending by 12 months the maturity of the Top Tech ceiling contracted from BRD. The facility is worth RON 1,500,000.

On 26.04.2022, a new credit agreement was signed between Top Tech and BRD through which the bank made available to the borrower a ceiling in the total amount of RON 3,000,000. The new ceiling deadline is 07.04.2025.

In addition to the 2 loan products, Top Tech also has at its disposal a revolving ceiling loan of RON 2.000.000 maturing on 09.06.2023.

All of Top Tech's loan products are contracted from BRD and are used for working capital financing

In addition to the bank loans, the issuer has borrowed capital from the 3 AeRO-SMT-Bonds issues, maturing in 2023 (BNET23, BNET23A) and June 2026 – Euro-denominated issue BNET26E. The BNET23C bond issue was repaid in January 2023. In May 2021, the Issuer has prepaid 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.

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 2023 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 through dedicated bond issues or from its own sources, as we did in the case of operations in 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. After this date, the shares of BNET were traded on the Aero-SMT BVB market starting with 15.04.2015.

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 2022, the average daily value of transactions with BNET shares amounted to about RON 100 thousand per trading session – RON 26.4 million in the regular market and another RON 8.9 million in the deal market. A volume of almost RON 82.6 million shares of BNET was traded, representing 16% of the total shares registered as of December 31 (and 24% of the freefloat). At the General Meeting of Shareholders in December 2022, the number of shareholders exceeded 4,300 natural and legal persons.

BNET23, BNET23A, BNET23C bond issues in 2022:

And during 2022, Bittnet bonds were among the most liquid fixed income instruments on the Aero-SMS-bonds market, totaling exchanges of RON 5.34 million, i.e. 22% of the total nominal value of the 3 bond issues:

- BNET23: 7,758 BNET23 bonds exchanged holders in 2022 at an average trading price of 99.95% of the nominal value and a total trading value of RON 770 thousand.
- BNET23A: 5,313 BNET23A bonds changed holders in 2022, i.e. 5.4% of the total issue volume at an average price of 98.83% of the nominal value and a total transaction value of RON 522 thousand.
- BNET23C: 40,141 BNET23C bonds exchanged 2022 holders, i.e. 40% of the total volume at an average price of 101.7% of the nominal value and a total exchange value of RON 4.05 million. In January 2023, the Company repaid at maturity the nominal value of the BNET23C issue in the amount of RON 10 million and paid the last coupon related to them.

At the end of 2022, Bittnet carried out a private placement for the sale of CORPORATE bonds denominated in EURO, which raised the amount of EUR 1,961,144 from 53 private, legal and professional investors. The maturity of the BNET26E issue is June 2026. Since 07.03.2023, BNET26E bonds are traded on the regulated market managed by BVB.

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.

The Buffett test for capitalisation of earnings versus dividend payout

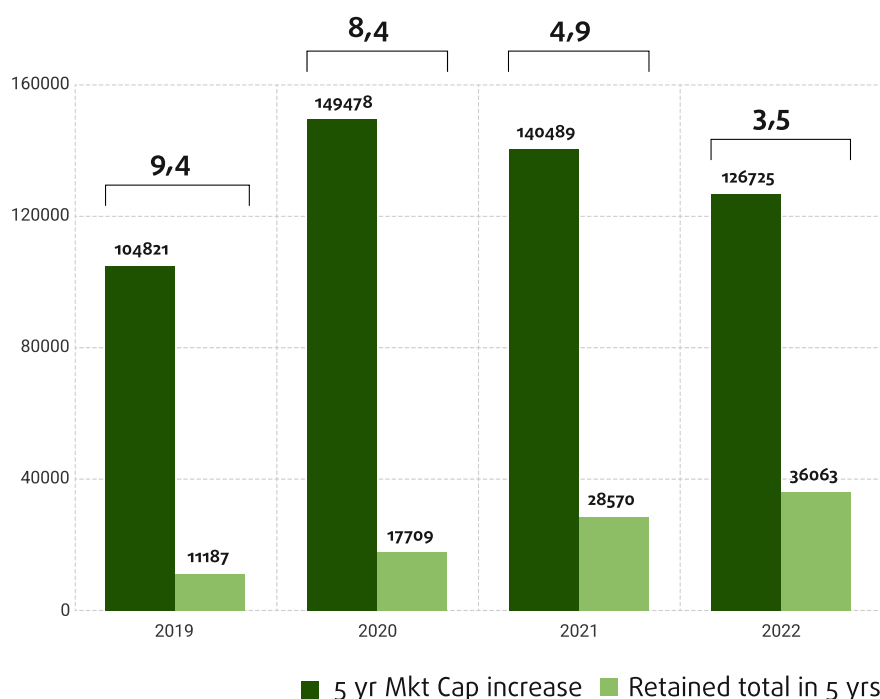
One question we sometimes get from investors is related to dividend distributions and why we don't do this. As we have stated since our listing and on numerous occasions, as long as we are in the "high growth" stage, we do not intend to distribute dividends, because the money left in the company grows much faster than it could grow in any another investment alternative. We compensated this by offering free shares of the added value created by the group and in addition offered the option for investors to "sell" to the company these shares received free of charge, which implicitly generated a cash distribution for those who opted for it.

So far we have demonstrated the above statement by calculating the to grow in the value of the company's equity compared to the capital attracted (Net Book Assets compared to Cash Attracted in Capital Increase). This test revealed an IRR return on shareholders' invested capital of approximately 36% per year. In addition, by analysing the growth in equity generated by the business (thus eliminating capital attracted from the stock market) each year in relation to the equity at the beginning of the year, **our Group has an average ROE of approximately 55% over the 8 years since listing**. The relevant calculations are presented on page 2 – key information.

The above insights show how we have created value from an accounting perspective – intrinsically. „Price is what you pay, value is what you get“. To assess whether or not we have created wealth through stock market capitalisation (share price is often the only indicator retail investors follow) there is a famous test: the "Buffett" test for capitalised earnings.

Year	Profit during the period	MCS / Buyback.	"Retained" during the period	"Retained" total in 5y rolling	Equity at year end	Mkt. Cap. At year end	5y Mkt Cap Increase	Buffett Multiplier
(1)	(2)	(3)	(4)=(2)+(3)	(5)	(6)	(7)	(8)	(9)=(8)/(5)
2014	115				865	7.896		
2015	889	0	115		1.920	8.108		
2016	870	0	889		3.100	21.418		
2017	1.206	807	1.677		5.961	31.941		
2018	4.408	2.892	4.098		14.001	55.530		
2019	-2.631	0	4.408	11.187	12.372	112.717	104.821	9.4
2020	1.025	9.268	6.637	17.709	27.646	157.586	149.478	8.4
2021	14.424	10.725	11.750	28.570	52.740	161.907	140.489	4.9
2022		-2,604	9,170	36,063	71,006	158,666	126,725	3.5

A simple formulation of these calculations is that, if we analyse the investment for 5 years, as recommended the investment on the stock exchange, a RON allocated to our company (either by capitalizing profits or by participating in capital increases), brought in the pockets of the shareholders at least 3.5 RON.



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. During 2022, shareholders were able to choose between a cash distribution or a free share. A total of 105 shareholders, representing 175,297,189 voting rights, i.e. 36.93% of the total voting rights opted for: OPTION 1 – i.e. for cash distribution.

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 2022, the shareholders approved the increase of the share capital by 1 free share for every 10 shares held by the shareholders at the registration date, combined with

the shareholders' agreement to leave the resulting shares at the disposal of the company, receiving in exchange RON 0,15 for each 10 shares held in exchange the nominal value.

Between July 27 and August 4, 2022 the shareholders from the registration date expressed the option between receiving free shares to be granted in the future or cash at the time of September 12, 2022. Following the exercise of options, in September the Central Depository will load the Issuer's account with 17,529,692 shares to be used by the Issuer to meet its obligation to option holders under the key person incentive programs 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. Between 2016 and 2022, since the listing of the first bond issue, the company paid about RON 10.5 million to 1,430 bond holders, according to the payment schedules for each of the bond issues.

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 2023, which is subject to shareholder approval at the general meeting scheduled for April 27, 2021, is as follows:

Bittnet CONSO [RON]	2023E
Sales to customers	300,020,046
Direct expenditure (COSTS OF SALES)	200,410,452
=Gross Margin	75,128,986
% Gross Margin	25%
Indirect expenses	52,319,417
Sale/distribution expenses	19,007,928
Human Resources - Indirect Costs	20,083,335
Other administrative expenditure	12,912,477
EBITDA	24,729,569
% EBITDA	8% (24% of GM)
Amortization	6,676,928
=EBIT	18,052,641
Non-recurring impact elements	1,604,323
SOP	-890,381
Financial Result	-330,440
Gross profit	16,831,820
Current profit tax	1,696,189
= Net profit	15,135,631
% Net result	5,04%

In all the documents published by companies listed on the capital markets around the world, regarding the "revenue and expenditure budget", it is mentioned that the figures provided are not a promise or a guarantee, the company cannot be held responsible for not achieving its goals. When a company sets its revenue and expenditure budget for a given year, it takes into account the internal and external factors that it knows at the time of setting this budget. The last three years have brought companies into extremely difficult situations, where they had to adapt and could not be predicted. Until the outbreak of the COVID-19 pandemic in Romania, the only "problems" that companies had to overcome or for which they had to adapt were related to political and implicitly legislative uncertainties.

Therefore, the new reality, in which the problems are not only related to the internal "cuisine" of a country, generates the following dilemma for all managers: we set objectives that seem difficult to achieve at first sight, but for which, at the time of their setting, we rely on indicators and estimates according to the reality of that moment, or we publish an extremely conservative budget, which we know we can overcome, but at the

same time it brings the company into a situation of entering a comfort zone and strongly reducing its chances for a more thriving future for all involved.

At Bittnet Group, we have always preferred to take on ambitious targets, built on the conservative assumption that it will be harder for us to produce the same dollars next year as this year – so we will have to work harder. Each year, some activities or companies go beyond plans and others are affected by various elements outside management control, and as a result, they do not meet the targets published at the beginning of the year.

We will continue this approach because it has allowed us to grow continuously, with various rates well above the industry average, even if not constantly and easily predictable. Perhaps the most relevant example is 2020, followed by 2021. In 2019 we were recording our only net loss year in history, due to the hardships generated in S1 by efforts to integrate the largest acquisition ever – Crescendo. In 2020, a year marked by lockdowns and company closures, the other companies in the BET-XT index experienced revenue declines and halving of profits. Bittnet recorded revenue and profit growth, from minus 4 to plus RON 1 million. Because the revenue target contained another RON 1 million of margin (and therefore profit), the investors' perception was that Bittnet did not deliver what it published in the budget and not the fact that the group recorded an increase in profit by RON 5 million, in an extremely difficult year. This situation was repeated in 2021, when operating profit continued to increase and financial profit doubled. In this situation, the perception was that there was too much financial versus operational profit.

For 2023 the indicative budget is RON 300 million turnover and RON 16.4 million operating profit (RON 24.7 million EBITDA).

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 Law 24/2017, article 94, letter (b), manager means “any member of the board of directors, as well as any director, in the case of the unitary management system, and any member of the supervisory board, as well as of the management board, in the case of the dual management system, according to Law no. 31/1990, republished, as further amended and supplemented, including in all cases in which he has been appointed, the general manager and, if there is this position, the deputy general manager”

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:

- LOGOFATU Mihai - CEO
- STANESCU Adrian - CFO

Chairman of the Board of Directors and CEO

By Resolution no. 1 of 12.02.2020, the Board of Directors appointed the Chairman of the Board of Directors, Ivylon Management SRL (Romanian legal entity with registered office in Bucharest, Drumul Sariei no. 45, cam. 1, 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.LOGOFATU MIHAI-ALEXANDRU-CONSTANTIN – Romanian citizen.

The business address of the Chairman of the AC is the mailing address of the Issuer, București, Sector 5, Strada Serg. Ion Nuțu, nr. 44, One Cotroceni Park, Corp A și Corp B, Etaj 4, 050691. Mr. Logofatu Mihai is co-founder of the Issuer and holds 9.04% of the shares issued by the Issuer, according to the BVB website on 31.12.2022 and a number of 300 BNET26E bonds, representing 1.45% of the total issue. Moreover, Mr. Mihai Alexandru Constantin LOGOFATU also acts as CEO.

The Issuer declares that Mr. LOGOFATU 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 work address of the Vice President of the Board of Directors is the correspondence address of the Issuer, Bucharest, Sector 5, Serg. Ion Nuțu, nr. 44, One Cotroceni Park, Corp A și Corp B, Etaj 4, 050691. Mr Anghel holds 1.0839% of the issuer's shares and 8.24% of the BNET23A bonds and 2.04% of the BNET26E bonds.

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.

Currently, Mr Lucian Anghel is CRO/Executive Vice President of the Board of Directors of Romanian Export-Import Bank EXIMBANK SA, non-executive member of the Board of Directors of Teraplast SA and Global Resolution Experts SA – member of Bittnet Group.

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:

- 2020 – 2022: CEO, Board Member, Banca Romaneasca
- 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 LOGOFATU CRISTIAN ION, Romanian citizen.

The work address of Mr. Logofatu Cristian is the correspondence address of the Issuer, Bucharest, Sector 5, Serg. Ion Nuțu, nr. 44, One Cotroceni Park, Corp A și Corp B, Etaj 4, 050691. Mr. Logofătu Cristian is co-founder of the Issuer and holds 8.45% of the shares issued by the Issuer, according to the BVB website, as of 31.12.2022 and a number of 730 BNET26E bonds, representing 3.54% of the total issue.

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 Logofatu held the position of member of the Board of Directors of Norofert Group.
Until 22.12.2021 Mr. Cristian Logofatu served as a member of the board of Softbinator Technologies SA. Mr. Cristian Logofatu 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. Logofatu Cristian performs his activity based on a contract of mandate according to the Decision of 29.01.2020 of the General Shareholder Meeting. Mr. Logofatu Cristian Ion and Mr. Logofatu Mihai Alexandru Constantin are the founders of the company and they are brothers.

CFO

The financial director of the issuer is Mr. Stanescu Adrian Victor, Romanian citizen.

Mr. Stanescu Adrian's workplace address is the correspondence address of the issuer, Bucharest, sector 5, Serg Street. Ion Nuțu, nr. 44, One Cotroceni Park, Corp A și Corp B, Etaj 4, 050691.

Mr. Stanescu owns 0.9486% of the shares issued by the issuer.

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 – up to now: CFO, Bittnet Group;
- 2014 – 2018: Director Economic / CFO, UTI Grup S.A.
- 2012 – 2014: Deputy Economic Manager, UTI Grup S.A.
- 2012 – Treasury Manager, UTI Grup S.A.
- 2008 – 2012 – Customer 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 referred 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 Logofătu Mihai Alexandru Constantin, the founders of the company and the 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 – 2022 – Ivylon Management SRL received a fixed monthly remuneration equal to RON 25,000. For 2022 Mr. Logofătu Mihai Alexandru was not included in any Stock Option Plan with options. There are no other benefits.

For the previous fiscal year – 2022 – Cristian Ion Logofătu received a fixed monthly remuneration equal to RON 5,000 gross. For 2022, Mr. Cristian Ion Logofatu was not included in any Stock Option Plan with options. There are no other benefits.

During 2022, Ivylon Management, represented by Mr. Cristian Logofatu, held the position of member of the board of Directors of two companies in which the Bittnet Group held over 20% of the voting rights: the E-learning Company (ELC) and Global Resolution experts (GRX/Fort). With the acquisition of TopTech, Ivylon Management, through the representative Mihai Logofatu was appointed administrator of TopTech. With the acquisition of 2NET computer, Ivylon Management, through a representative Mihai Logofatu was appointed administrator of 2NET computer. Each of these mandates is remunerated according to the policies of the respective companies: RON 3,000 monthly in case of ELC and RON 10,000 monthly in case of Fort. In the case of 2NET and Top Tech administration, the Ivylon Management administrator does not have the remunerated function.

In 2022, Mr. Anghel Lucian Claudiu received a fixed monthly remuneration equal to RON 5,000 gross starting March 2020, and was included in the Stock Option Plan with options approved by the General Shareholder Meeting in January 2020, receiving the right to acquire at a preferential price a number of shares equal to 0.5% of the Issuer's total shares for each year 2022, at a price per share in line with the company's capitalization at the beginning of fiscal year 2021, with an exercise period of 30 days, i.e. May – June 2022. There are no other benefits.

CFO

For the previous fiscal year, Mr. Adrian Stanescu received a net monthly remuneration of 10,000 lei, without other benefits. Starting with April 2021, the date of commencement of the mandate of Financial Director, Mr. Stanescu was included in the incentive plan with options approved in April 2022, receiving the right to purchase at a preferential price a number of shares equal to 0.5% of the total shares of the Issuer for each year in which he fulfills the position of Financial Director. This option has as an exercise price the price per share according to the company's capitalization on the reference date for the AGM of April 2022, and has an exercise period of 30 days in May - June 2024. In addition, Mr. Stanescu received a bonus for the year 2022 performance fixed by the General Director at the value of 240,000 lei, payable in shares during the year 2023.

CEO

Taking into account the fact that Mr. Mihai Logofatu, founder of the company, also acts as CEO and Chairman of the Board of Directors, Mr. Logofatu gave up in 2022 any remuneration for the position of CEO. The benefit received as CEO is access to an operational leased car – Toyota Camry – worth EUR 500 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:

- Mr. Lucian Anghel
- Mr. Cristian Logofătu
- Mr. Dan Ștefan

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 Logofatu Mihai and Logofatu Cristian, who are the founders of the company and the majority shareholders of the Company.

Provisions of the Code	Respect	Does comply partially complies	not or	Reason for non-compliance
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			
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			

Provisions of the Code	Respect	Does comply partially complies	not or	Reason for non-compliance
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			
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			

Provisions of the Code	Respect	Does comply partially complies	not or	Reason for non-compliance
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.	YES			The internal audit function is outsourced to a specialized company.
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.	YES			The internal audit function is outsourced to a specialized company.
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			

Provisions of the Code	Respect	Does comply partially complies	not or	Reason for non-compliance
D.1 ¹ 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			
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			

¹ 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 complies	not or Reason for non-compliance
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		
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. An overall assessment of the internal control and significant risk management systems will be made available after formalizing the entire control system at the level of the Company.
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		

Provisions of the Code	Respect	Does comply partially complies	not or	Reason for non-compliance
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 2022, 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. Improving the corporate governance of the Bittnet Group
2. Redefining the role and involvement of the members of THE Advisory Committees of CA in the new development phase of the Bittnet Group

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 2022 Bittnet shareholders met at 3 general meetings:

Ordinary General Meeting of Shareholders of 20.04.2022 for: approval of the financial statements for the year 2021 and the way the distribution of profits, the revenue and expenditure budget for the financial year 2022 and the remuneration report for the year 2021;

Extraordinary General Meeting of Shareholders of 20.04.2022 for:

- Increase the share capital by the amount of RON 4,804,369.10 by granting 1 free share to 10 shares held by shareholders on the registration date 21.07.2022. The purpose of the capital increase is to issue available shares so that the Company can meet its obligations under the approved Stock Option Plans, and shareholders who decide to leave the newly issued shares at the Company's disposal will, in return, receive a cash distribution equal to RON 0.15 for every 10 shares held on the record date;
- the approval of the implementation of a buyback program to obtain 20,000,000 common shares needed to meet obligations under incentive programs with options approved in 2020;
- the increase of the share capital by the amount of RON 3,695,668.4 through the issuance of 36,956,684 preferential shares, under the terms of the Constitutive Act, with a nominal value of RON 0.1/share;
- the ratification of the Board of Directors Resolution of 10.12.2021, regarding the acquisition of a number of shares equal to 74% of the share capital and voting rights of GLOBAL RESOLUTION EXPERTS SRL;
- the ratification of the decision of the Board of Directors to sell a number of shares representing 14% of the share capital and voting rights of GLOBAL RESOLUTION EXPERTS S.A.;
- the approval of a stock option plan for key persons, by offering options for the acquisition of a maximum of 5% of the total shares of the Issuer at preferential price;
- the approval of the execution of a redemption program for the purpose: (i) ensuring the need for shares to meet the obligations of the company under the following SOP program; (ii) satisfying the obligations to creditors resulting from M&A operations; (iii) reducing the share capital;
- the revocation of the General Meeting of the Shareholders Resolution of 26.11.2020 on the increase of the share capital by issuing 30,127,746 preferred shares;

- the revocation of the General Meeting of the Shareholders Resolution of 27.04.2021 on the increase of the share capital by issuing a number of 24,722,828 joint shares

Extraordinary General Meeting of Shareholders of 20.04.2022 for:

- the approval of the development of programs for the sale of corporate bonds, convertible and non-convertible, unsecured, offered for sale by public offer or by private placement, issued in RON and/or EUR.
- the ratification of the decisions of the Board of Directors regarding the contracting of banking financing products, within the limits and under the conditions negotiated with Banca Transilvania S.A., for the financing of the acquisition of shares in TopTech SRL and 2NET computer SRL companies.

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 2022, their current form being available on the Company's website at:

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

Board of Directors

The framework under which the Board performs its activity is regulated by the Regulation of the Board of Board 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 2022, Bittnet's Board of Directors held 16 meetings, 15 of which were held by remote communication. 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 2021;
- Evaluation of the performance and efficiency of the Board of Directors related to the activity in 2021;
- Approval of the consolidated, preliminary, unaudited financial statements for the financial year 2021, accompanied by the preliminary Annual Report for 2021;
- Convening ordinary and extraordinary general meetings of shareholders for 20/21.04.2022 and materials related to agenda items for presentation to shareholders;
- The sale transaction of shares representing 11,999% of the share capital of Dendrio solutions SRL;
- The transfer of treasury shares from the Company's global account – Section 1 of the Central Depository, to the accounts of Section 1 of the 24 key persons included in the Stock Option Plan (other than those who divested the options);
- Consolidated and individual interim financial reporting for 6 months ended June 30, 2022 and the half-yearly report for the semester 1/2022, elaborated according to ASF Regulation no. 5/2018;
- The contracting by DENDRIO SOLUTIONS SRL from Banca Transilvania of a credit for financing the acquisition of shares within the companies Top Tech SRL and 2NET COMPUTER SRL, as well as of a credit line for investments to finance the current activity, IN which BITTNET SYSTEMS S.A. will have the quality of co-debtor and fiducious guarantor, as well as the establishment of guarantees;

- The purchase transaction of shares representing 40% of the share capital of TOP TECH S.R.L.;
- The increase of the share capital by the amount up to RON 10,569,611.90 (nominal value), by issuing up to 105,696,119 new shares with a nominal value of RON 0.1 per share and a total nominal value of RON 10,569,611.90;
- The purchase transaction by Dendrio solutions SRL of 100% of the share capital of zNET Computer SRL;
- The purchase transaction of shares representing 70% of the share capital of DATAWARE consulting SRL;
- Convening the Extraordinary General Meeting of Shareholders on 12/13.12.2022 and the materials related to the agenda;
- Issuance of corporate bonds, unsecured, denominated in EUR, with a nominal value of EUR 100/bond, offered for subscription in a private placement offer.

For the activity in 2022, under the leadership of the President, the evaluation process of the Board of Directors was carried out, based on the Guide for evaluating the performance and efficiency of the Board of Directors adopted by the company; following the self-evaluation, the Board established the following key areas of interest that will be addressed in the following period:

1. Improving the corporate governance of the Bittnet Group
2. Redefining the role and involvement of the members of THE Advisory Committees of CA in the new development phase of the Bittnet Group

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 supplemented and of Article 19.11 of the Articles of Association.

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

The following Advisory Committees operate within the Company and have been established by decisions of the Board:

- Audit Committee;
- Nomination and Remuneration Committee;
- The 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 Audit Committee was established by decision of the Board of Directors in March 2020, its composition did not change during 2022, being composed of the following persons:

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

During 2022, the Audit Committee met during 8 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 consolidated, preliminary, unaudited financial statements for the financial year 2021, accompanied by the preliminary Annual Report for 2021
- Adoption of individual and consolidated annual financial statements for the financial year 2021
- Approval of the Board of Directors report (In the form of a Universal Registration Document) for 2021
- Presentation of the independent auditor's report for 2021
- Adoption of the profit distribution proposals for 2021
- Adoption of the revenue and expenditure budget for the financial year 2022
- Independent auditor's report for 2021
- Quarterly report for quarter 1 - 2022, Prepared according to ASF Regulation no. 5/2018, which includes the consolidated, unaudited financial results for 1st quarter, 2022
- Adoption of the consolidated and individual interim financial report for 6 months ended on 30 June 2022 and the half-yearly report for the semester 1/2022, Developed according to ASF Regulation no. 5/2018
- The quarterly report for the quarter 3 - 2022, prepared according to ASF Regulation no. 5/2018, which includes the consolidated, unaudited financial results for the 3rd quarter, 2022
- The M&A projects
- SOP 2022 and its funding
- Preferred shares – long-term financing solution

The Audit Committee carried out the self-assessment of the activity carried out in 2022, 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 developing and implementing the remuneration policy of the management structure and the nomination of candidates for the Board.

The composition of the Nomination and Remuneration Committee has not changed so far, being made up of the following persons:

Mr. Cristian Logofătu	Chairman of the Nomination and Remuneration Committee Member of the Board of Directors
Mr. Mihai Logofatu	Member of the Nomination and Remuneration Committee Chairman of the Board of Directors, as a 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

In 2022, the Nomination and Remuneration Committee met at a meeting attended by all members of the Committee.

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

- Adoption of the remuneration report for 2021
- Adoption of the long-term Action Options Plan – SOP2021 (2021-2023)

The 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 has remained unchanged so far, consisting of the following persons:

Mr. Mihai Logofătu	Chairman of the Strategic Development Committee, Chairman of the Board of Directors, as a representative
Mr. Lucian Anghel	Member of the Strategic Development Committee, Vice-President of the Board of Directors
Mr. Cristian Logofatu	Member of the Strategic Development Committee, Member of the 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 2022, the Consultative Committee for Strategic Development met in 4 meetings.

The topics discussed during these meetings focused on the analysis of future prospects, the context of Bittnet Group's activity and growth prospects, as well as the stage 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 the situation of Softbinator and E-learning Company employees at all. The figures include only companies within the scope of consolidation at 31.12.2022.

Department	2017	2018	2019	2020	2021	2022
Sales	4	5	14	16	25	51
Technical	4	5	23	25	27	122
Marketing	2	1	2	4	9	7
Deliveries	1	3	8	14	16	60
Management	4	4	3	2	2	10

The company outsources a part of its activities to independent subcontractors. At the end of quarter 4 2022, the issuer cooperates with more than 100 contractors.

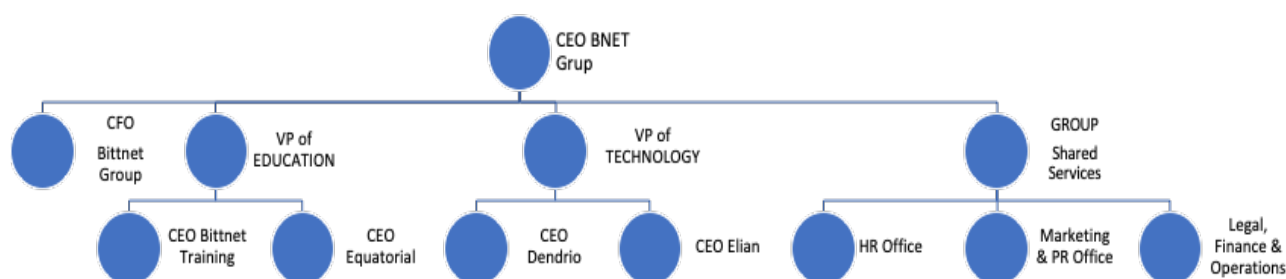
All employees of the company are graduates of higher education. The employees of the company are not organized into trade unions. In the history of the company, no conflicting situations occurred between the management and the employees.

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 motivational factor for the performance of our projects, has improved this year, with the move in April to a new headquarters – one Cotroceni Park – designed according to current standards. The team will continue to grow in 2023, after 90 new colleagues joined us in 2022. With the new headquarters, we will all be able to be under the same roof, increasing the chances of integrating the current M&A and finding potential synergies between the companies in the group.

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.

At the January 2020, April 2020, April 2021 and April 2022 general meetings, the company's shareholders approved Stock Option Plans with key person options and executive management mandate contracts.

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 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 21 April 2021. Under this plan, for 2021, Mr. Stanescu has the right to be compensated with the amount of RON 200,000 in options.
- 2) General Meeting of the Shareholders in January 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 01 January 2020.

Within this plan, Mr. Logofatu 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. Logofatu 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 Option Plan for key persons not nominated at the time of approval: maximum 5% of total company shares. Exercise period: May-June 2023. Exercise price per share corresponding to the capitalisation of the Issuer on 14 April 2021.
- 4) General Meeting of the Shareholders in April 2022: Maximum 5% of the total shares of the company. Exercise period: May-June 2024. Exercise price per share corresponding to the Issuer's capitalization on 11 April 2022.

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

The Company's shareholders approved stock options plans for key persons at the General Meetings in April 2021 and April 2022. 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) The General Meeting in April 2023 has on its agenda the approval of a Long Term Equity Compensation Plan for key persons not nominated at the time of approval: maximum 9% of the Company's total shares. Exercise period: May-June 2026. Exercise price per share corresponding to the capitalisation of the Issuer on 21 April 2022.
- 2) 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.
- 3) General Meeting of the Shareholders in April 2022: 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 11 April 2022.

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 31.12.2022, the issuer is aware of a group of shareholders associated with the Impetum Group, which have exceeded the 20% threshold.

The only shareholder (other than the co-founders) whose holding exceeds 5% of the company's capital is Mr. Capatina-Grosanu Razvan.

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 2022, the Issuer did not conclude significant transactions with persons with whom it acts in collaboration or with affiliates. In carrying out the normal operational activity, there are commercial flows that generate transactions between the companies in the group, in amounts that do not cumulatively reach the threshold of 5% of the net asset value, reproduced in the table on the next page.

The transactions that are subject to reporting were published according to legal requirements, on February 1 together with the auditor's opinion, here:

<https://bvb.ro/FinancialInstruments/SelectedData/NewsItem/BNET-Raport-auditor-tranzactii-parti-afiliate-an-2022-art-108-Legea-24-2017-R-/9A2Eo>

Intra-group deliveries in normal business flows

Seller / Buyer	BNET	CLC	Dendrio	ELIAN	EQUATORIAL	GRX	GRX-A	ISEC	Optimizor	NENOS	NONL	ELC	2NET
BITTNET SYSTEMS SA		-150.230	-1,615,113			-399.475		-46.788	-972.628	-300.794	-98.690	-142.044	-3,732,871
Licences			-85.354										-85.354
Training services		-5.047	-164.172						-1.261				-177.588
Dividend income						-399.475			-971.367	-300.794	-98.690	-134.220	-1,904,546
Interest income		-145.184	-1,365,587					-46.788				-7.825	-1,565,383
COMPUTER LEARNING CENTER SRL	-78.721												-78.721
Training services	-78.721												-78.721
DENDRIO SOLUTIONS S.R.L.				-49.917	-32.638				-12.127				-94.683
Licences				-49.917									-49.917
IT support and development services					-32.638				-12.127				-44.765
ELIAN SOLUTIONS SRL	-311.800	-3.439	-274.823		-3.440	-8.528							-602.030
Licences	-8.348												-8.348
IT support and development services	-303.452	-3.439	-274.823		-3.440	-8.528							-593.682
EQUATORIAL GAMING S.A.	-140.542		-191.375	-52.610		-11.478		0	-10.385				-406.391
Training services	-140.542		-191.375	-52.610		-11.478		0	-10.385				-406.391
GLOBAL RESOLUTION EXPERTS S.A.							-100.781		-1,129,490				-1,230,271
Licences									-1,129,490				-1,129,490
Dividend income							-100.781						-100.781
GRX ADVISORY S.R.L.			-248.753										-248.753
IT support and development services			-248.753										-248.753
ISEC ASSOCIATES SRL						-6.088	-36.824						-42.913
IT support and development services						-6.088	-36.824						-42.913
ITPREPARED SRL	-44.105		-1,354,217										-1,398,322
Licences			-65.589										-65.589

Seller / Buyer	BNET	CLC	Dendrio	ELIAN	EQUATORIAL	GRX	GRX-A	ISEC	Optimizor	NENOS	NONL	ELC	2NET
IT support and development services	-18.492		-1,288,628										-1,307,120
Interest income	-25.613												-25.613
NENOS SOFTWARE SRL	-11.569		-23.139	-21.982									-56.690
IT support and development services	-11.569		-23.139	-21.982									-56.690
NONLINEAR SRL										-215.851			-215.851
IT support and development services										-215.851			-215.851
TOP TECH SRL	-698		-99.137										-3.446
IT support and development services	-698		-99.137										-3.446
Grand Total	-587.434	-153.669	-3,806,557	-124.510	-36.078	-425.570	-137.605	-46.788	-2,124,631	-516.645	-98.690	-142.044	-3.446

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/>
- The financial results in IFRS format for fiscal year 2020 were made available to investors as supporting documents for the 27.04.2021 OGM, together with the audit report at: <https://investors.bittnet.ro/ro/intalniri-ale-actionarilor/aga-27-aprilie-2021/>
- The financial results in IFRS format for fiscal year 2021 were made available to investors as OGM support documents from 20.04.2022, together with the audit report at: <https://investors.bittnet.ro/ro/intalniri-ale-actionarilor/aga-20-aprilie-2022/>
- The financial results in IFRS format for fiscal year 2022 were made available to investors as OGM support documents from 27.04.2023, together with the audit report at: <https://investors.bittnet.ro/ro/intalniri-ale-actionarilor/aga-27-aprilie-2023/>

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, respectively those related to the financial year 2022, was published as supporting documents for the OGM of April 2023 and will be included in the Annual Report 2022, published on the issuer's website under the investors section and on the BVB website under 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 starting November 2019 on the investor Relations website at the address:

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

18.1.5. 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 2022.

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.

Prior to the annual financial results for 2022, during the calendar year 2022 the financial report for each quarter of 2022 was published, the consolidated financial statements being unaudited. The reports are available both on the Issuer's website ([HERE](#)), and on the BVB website ([HERE](#)).

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, 2021 and 2022 were published by the issuer, together with the audit reports starting November 2019 on the investor Relations website, to address

<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/politicle-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 preferential shares was not started within one year of approval, in November 2020, the operation on those coordinates will no longer be possible to implement, Because the EGM decisions to increase capital expire within one year of approval. In this respect, the issuer approved in the EGM of April

2022 a new capital increase operation by issuing preferential 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, except in the case where priority dividend bearing preferential shares will be issued under the terms of the Constitutive Act. 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 the years 2016, 2017, 2018, 2019, 2020, 2021 and 2022, 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 share and the already existing liquidity, no new distribution of free shares was proposed, but only the already “patented” operation of distributing a free share, which shareholders can choose to leave at the company’s disposal in order to settle future obligations plans, being rewarded with a cash distribution. Thus, during the EGM of April 2022 it was approved the increase of the share capital under the conditions mentioned above and the cash distribution per share hoarded at a higher value than previously, namely RON 0.15.

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 is no governmental, judicial or arbitration proceedings that have had an effect on the financial results in the last 12 months.during 2021 the issuer became aware of the existence of the case

30598/3/2021 before the Bucharest Tribunal, In contradiction with the owner of our former office space - with Bucharest Mall Development and Management S.R.L. ('Anchor' or 'Anchor Group')

In March 2022, the issuer took note of the content of this file and the value of the claims – four million RON representing in particular the penalty clause for the termination of the contract without reason, and the failure to meet the termination deadline.

Taking into account the approval given by the General Meeting of Shareholders of November 2020 regarding the expansion of the office space and the course 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, Bittnet exercised, pursuant to Article 4.1 of the contract, the option of expanding the space with an additional area of 3,500 sqm of office space, unfragmented and on the same floor as the existing space "inside the building or in another building owned by the owner or another company in its group (Benefiting from similar commercial and technical conditions – that is, to be a Class A office building and to be located within walking distance of a metro station)", based on the notification sent to the owner on 10.12.2020;

According to the contractual provisions mentioned above "The Tenant will notify the Owner of the need/intention to expand the office Space, if necessary, 4 (four) calendar months before May 2021". In its reply sent by email on 12.01.2021, the Owner informed Bittnet of the following:

- does not have a free area for rent of the requested size, but a reduced area, namely 2,563.14 sqm of which only the area of 1,495.61 sqm has a certain availability, the difference of 1,067.53 sqm having an uncertain situation, namely its availability is conditional on the relinquishment (unlikely, as it follows from the communicated response) of its use by another tenant;
- (ii) the availability of the space differs, there being a gap of 3 months between the space available on the same floor (in area of 1,495.61 sq m) and that located on a different floor (1,067.53 sq m), and
- (iii) the proposed area is offered under commercial and/or technical conditions other than those on the basis of which the use of the existing space was agreed (i.e. another duration, the need to bear redevelopment costs, etc.);

On 18.01.2021, the owner sent to Bittnet the notification regarding the technical and commercial proposal for the expansion of the space, in accordance with the information previously communicated by email dated 12.01.2021. As a result, the conditions for unilateral termination of the contract were met, as notified by Bittnet on 27.01.2021.

In correspondence between the parties prior to the filing of the appeal, Anchor challenged the notification of unilateral termination of Bittnet, and considering the contract to be in force, continued to issue invoices after the termination of the contract by unilateral termination.

By notification dated April 23, 2021, Bittnet requested Anchor to deduct the remaining amounts of payment as rent until the date of termination of the contract following the unilateral termination by the Tenant, with the guarantee provided by the Tenant according to Annex 5 to the Contract, as increased by Addendum No 2/14.01.2019 to the Letter of Bank Guarantee No 246/12.06.2017.

On 4 August 2021, the plaintiff sent its own notice of termination of the Contract alleging the defendant tenant's fault for non-payment of invoices, while claiming compensatory damages under the penalty clause.

On 23.09.2021 Bittnet notified the Owner that the Notice of Termination sent on 04.08.2021 is void, given that the respective contract was already terminated as a result of the unilateral termination notice transmitted by Bittnet on 27.01.2021, and Bittnet's unilateral manifestation of will, unquestionable and firm in the sense of denunciation, is sufficient to produce effects and operates by law and irrevocably from the date of its communication.

Therefore, the court will need to clarify the date and method of termination of the Contract, either on 27 May 2021 on the basis of unilateral termination by the Tenant, or on 4 August 2021 on the basis of termination invoked by the Owner, and the material claims which are the subject of the present action will be resolved depending on the court's decision in this regard.

Given that at the present date (March 2023) the litigation is ongoing and the relatively long duration we estimate for its completion (at least 2 or 3 calendar years), we consider premature any assessment of the chances or procedures, in the sense of setting up provisions affecting the results for 2022. The same cannot be said about the future – if the final and irrevocable decision of the courts will pronounce a ruling in favour of the plaintiff, our company could be obliged to actually pay a sum amounting to RON 4 million, which, without leading us into a state of difficulty, would be a significant negative development.

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.

During the 1st quarter 1 of 2023, the Issuer carried out an operation of capital increase with contributions, in which it attracted RON 29.76 million. As a result of this operation, the issuer's capital will increase by RON 32,765,796.89, corresponding to 105,696,119 new shares (100% of the offer), the difference being represented by the debt conversion resulting from the M&A activity carried out in recent years

Section 19 Share capital

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 Shareholders in September 2021, the authorized share capital is 240,000,000 joint shares and 120,000,000 preferred shares.

At the date of drafting the Universal Registration Document, the subscribed and paid-up share capital of the Issuer is RON 52,848,059.50, divided into 528,480,595 registered, common, dematerialized shares with a nominal value of RON 0.1. As a result of a share capital increase operation with contributions and receivables, the Issuer has at the Commercial Registry, for registration, an increase of the share capital by another 105,696,119 shares.

(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 528,480,595.

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

Number of subscribed and paid-up shares, in capital increase not yet completed at NTRO: 105,696,119.

(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	Share capital increase – 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	Share capital increase conf. The EGM Resolutions no. 12/25.04.2018; EGM Resolution No 4/26.11.2020; EGM Resolution No 5/26.11.2021; Board of Directors Resolution No 7/18.08.2020; Board of Directors Resolution No 10/17.12.2020;	420,288,068	455,669,736
10/11/2021	N/A	Share capital increase conf. EGM Resolutions no. 2 and no. 3/27.04.2021; Board of Directors Resolution of 06.07.2021 and EGM Resolution no. 17/07.09.2021;	455,669,736	480,436,904
12/08/2022	21/07/2022	Share capital increase with free share, (1:10) conf. EGM Resolution no. 2/20.04.2022	480,436,904	528,480,595
20/04/2022	13/10/2023	Capital increase with new contributions in cash according with the Board Resolution from 16.09.2022	528,480,595	634.176.714

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.

At the time of writing this document, the Issuer holds 23,970,745 treasury shares to be used to meet the obligations undertaken under stock options plans for key persons. 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 not issued capital or an undertaking to increase the capital.

The Extraordinary General Meeting of Shareholders in September 2021 granted the issuer's management the authorization to increase the share capital with a maximum number of 240,000,000 joint shares, respectively 120,000,000 preferred shares.

19.1.6. Information concerning the share capital of any member of the group which is subject to an option or to a conditional or unconditional agreement providing for the grant of options over capital and details of those options, including the identity of the persons to whom they relate.

The Company's shareholders approved stock options plans for key persons at the General Meetings in April 2021 and April 2022. 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) The General Meeting in April 2023 has on its agenda the approval of a Long Term Equity Compensation Plan for key persons not nominated at the time of approval: maximum 9% of the Company's total shares. Exercise period: May-June 2026. Exercise price per share corresponding to the capitalisation of the Issuer on 21 April 2022.

- 2) 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.
- 3) General Meeting of the Shareholders in April 2022: 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 11 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 provided in RON, and represent the 3 capital increase operations decided during 2021, together with their registration data and the date on which the shares were actually loaded into the shareholders' accounts. It is a capital increase with bonus shares, by incorporating reserves and share premiums, which generated an allocation of 6 bonus shares per 10 shares held, both for existing shares (on July 21st) and for those due to creditors from capital increases not yet registered as of July 21st (MCS August 2020, MCS December 2020), plus a capital increase with one bonus share that could be left at the company's disposal in exchange for the collection of the amount 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	Share capital increase conf. EGM Resolutions no. 2 and no. 3/27.04.2021; Board of Directors Resolution of 06.07.2021 and EGM Resolution no. 17/07.09.2021;	455,669,736	480,436,904
12/08/2022	21/07/2022	Share capital increase with free share, (1:10) conf. EGM Resolution no. 2/20.04.2022	480,436,904	528,480,595
20/04/2022	13/10/2023	Capital increase with new contributions in cash according with the Board Resolution from 16.09.2022	528,480,595	634.176.714

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.

According to the mandate granted by the GMS from September 2021, the issuer could sign M&A acquisitions in 2022 and the next 2 years up to the total value of RON 200 million. At the time of writing this document, the Issuer has signed a single M&A transaction with Dataware, a transaction announced to the shareholders [HERE](#).

The contract is worth RON 18,550,000 and will be partially paid in cash (RON 13.55 million) and the remaining amount will be settled in BNET shares (RON 5 million). The actual number of BNET shares to be issued shall be determined in accordance with the provisions of Article 210(2) of Law 31/1990 and Articles 87-88 of Law 24/2017 on issuers of financial instruments and market operations and Article 174 of FSA Regulation No. 5/2018.

Considering that the transaction price also includes a settable component in BNET shares, the 70% share capital and DTW voting rights will be divided proportionally between the issuer (18.87%) and the daughter company Dendrio solutions (51.13%). The remaining 30% of Dataware will remain the property of the founding shareholders. In addition to the share price, DTW's founding shareholders will receive a variable amount representing 30% of DTW's net profit for 2022.

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 Logofatu, 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 3. Elimination of positions such as other incomes and other expenses (non-repeatable items, not related to the basic activity) 4. In the case of 2021, restated in 2023, with the application of the new conceptual framework, IFRS 3 business combinations – the costs of successful M&A that were previously capitalized, They were derecognized from assets by P&L – this retroactive restatement was excluded from the calculation of operating profit 	<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 – BNET investment thesis

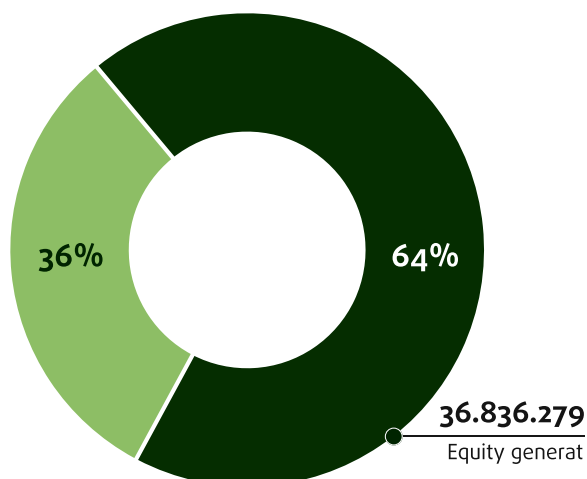
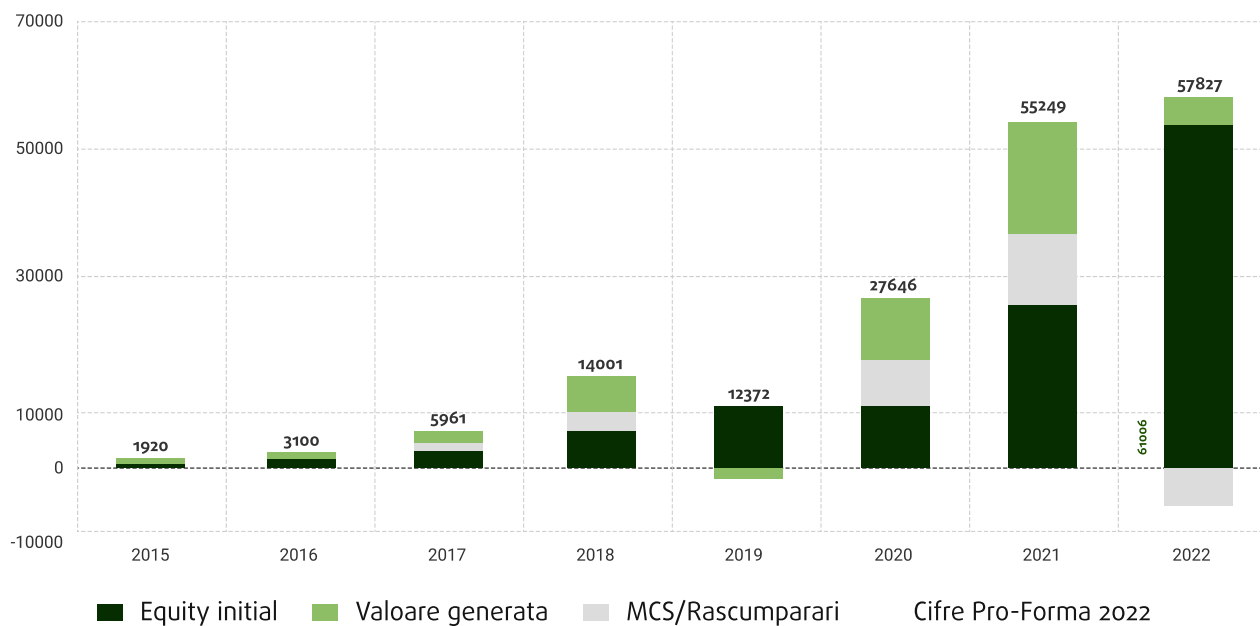
From the beginning of our journey as a listed company we have tried to convey “our value proposition” to investors in an as transparent manner as possible. In other words, what we offer to investors, which is the investment thesis that anyone who chooses to trust us can have.

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’. A few arguments for each of the components of this investment thesis:

- 1) 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”. In the last 20 years, there has been no industry with continued growth faster than the it&C industry
- 2) The existence of a management team with ‘significant skin in the game’ solves the ‘principal – agent’ problem so claimed by investors on the Romanian capital market. If the well-being of management comes from the same sources, through the same mechanisms as that of small shareholders, the most important conflict is eliminated. Track record proven operationally: 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).
- 3) Operationally proven track record: numerous international recognitions (Deloitte Top 50 in Tech, Financial Times Top 1000 Fastest Growing Companies, EY Entrepreneur of the Year finalists, etc);
- 4) Track record proven in terms of capital management: the growth rate of equity historically attracted through capital market mechanisms is over 35%, 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.

ROE mediu la 8 ani: **+55,52%**


Operation	Amount
Equity on 15 April 2015	-864.743
MCS 05-Dec-17	-807.127
MCS 14-Dec-18	-2,892,205
MCS 10-Apr-20	-9,168,712
MCS 02-Mar-21	-10,725,345
Redemptions Aug 22	2,603,000
Equity on 31 Dec 22	57,826,668
Out of which, attracted amounts	20,990,389
IRR	34,6%

The Buffett test for capitalisation of earnings versus dividend payout

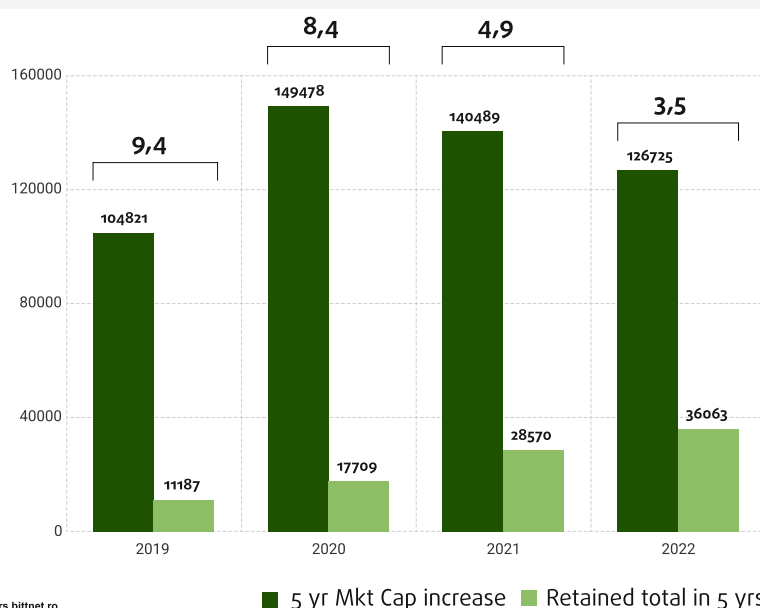
One question we sometimes get from investors is related to dividend distributions and why we don't do this. As we have stated since the our listing and on numerous occasions, as long as we are in the "high growth" stage, we do not intend to distribute dividends, because the money left in the company grows much faster than it could grow in any another investment alternative. We compensated this by offering free shares of the added value created by the group and in addition offered the option for investors to "sell" to the company these shares received free of charge, which implicitly generated a cash distribution for those who opted for it.

So far we have demonstrated the above statement by calculating the to grow in the value of the company's equity compared to the capital attracted (Net Book Assets compared to Cash Attracted in Capital Increase). This test revealed an IRR return on shareholders' invested capital of approximately 36% per year. In addition, by analysing the growth in equity generated by the business (thus eliminating capital attracted from the stock market) each year in relation to the equity at the beginning of the year, **our Group has an average ROE of approximately 55% over the 8 years since listing**. The relevant calculations are presented on page 2 – key information.

The above insights show how we have created value from an accounting perspective – intrinsically. „Price is what you pay, value is what you get“. To assess whether or not we have created wealth through stock market capitalisation (share price is often the only indicator retail investors follow) there is a famous test: the "Buffett" test for capitalised earnings.

	Profit during the period	MCS / Buyback.	"Retained" during the period	"Retained" total in 5y rolling	Equity at year end	Mkt. Cap. At year end	5y Mkt Cap Increase	Buffett Multiplier
(1)	(2)	(3)	(4)=(2)+(3)	(5)	(6)	(7)	(8)	(9)=(8)/(5)
2014	115				865	7.896		
2015	889	0	115		1.920	8.108		
2016	870	0	889		3.100	21.418		
2017	1.206	807	1.677		5.961	31.941		
2018	4.408	2.892	4.098		14.001	55.530		
2019	-2.631	0	4.408	11.187	12.372	112.717	104.821	9.4
2020	1.025	9.268	6.637	17.709	27.646	157.586	149.478	8.4
2021	14.424	10.725	11.750	28.570	52.740	161.907	140.489	4.9
2022		-2.604	9.170	36.063	71.006	158.666	126.725	3.5

Buffett Multiplier



Bittnet Group presentation | Feb 2023 | investors.bittnet.ro

9

A simple formulation of these calculations is that, if we analyse the investment for 5 years, as recommended the investment on the stock exchange, **a RON allocated to our company (either by capitalizing profits or by participating in capital increases), brought in the pockets of the shareholders at least 3.5 RON.**

Of course, some investors may find that any of the components of the investment thesis described above does not fit their investment style. However, we would like our shareholders to understand what is the “bet” they make when they invest in Bittnet’s shares: the fact that the accelerated growth vision toward the turnover of RON 500 million generates a special opportunity in the medium and long run and that the evolution of quarterly, half-yearly or annual results will be subject to fluctuations. We, the management team, are here to clarify these fluctuations and guide our journey together toward revenues of RON 500 million annually, but the share price is not under our control, is decided by investors and the context of the capital market in general. Our main focus in 2023-2024 will be on extracting profit from the new size of the Group built over the last decade and approaching the critical mass we have set out to achieve. However, we are convinced that in the long run the value of the company will reflect the results of the business and the cumulative investments in the acquired and integrated companies over the years.

We conclude this chapter by reminding the fact that no investment in a company's shares is risk-free, and we ask that before deciding to invest, you carefully read the chapters concerning Risks in the Universal Registration Document, or on the Investor Relations website.

The Auditors' Report for FY 2022 and Financial Statements (Consolidated and Standalone)

INDEPENDENT AUDITORS' REPORT

To the Shareholders of BITTNET SYSTEMS S.A.

Registered Office: Sergeant Ion Nutu St, no. 44, One Cotroceni Park, Corp A & Corp B, 4th fl., Bucharest-5
Unique Code of Registration: 21181848

Report on the consolidated financial statements

Qualified Opinion

1. We have audited the consolidated financial statements of BITTNET SYSTEMS S.A. (the Company) and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at December 31, 2022, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

The consolidated financial statements as at and for the year ended 31 December 2022 are identified as follows:

▪ Total equity:	57.494.765 RON
▪ Net profit /(loss) for the year:	(2.196.586) RON

2. In our opinion, except for the effect of the matter described in the paragraph "Basis for qualified opinion", the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at December 31, 2022, and of its consolidated financial performance and its cash flows for the year then ended in accordance with the Order of the Minister of Public Finance no. 2844/2016 for the approval of the accounting regulations compliant with International Financial Reporting Standards (MOFP no. 2844/2016).

Basis for qualified opinion

3. As presented in Note 2 c) and Note 7, the Group has reassessed the provisions of IFRS 15 "Revenue from contracts with customers", correlated with those mentioned in the comments contained in the decision on the Agenda of the IFRS Interpretation Committee, regarding the resale of software licenses - Principal vs. Agent. The Group amended the revenue recognition policy, on a net basis (Agent), for the resale of licenses on a standalone basis, maintaining the previous policy for resold licenses combined with own value-added services. Based on our assessment from the perspective of the new guidelines of the Principal versus Agent, we have identified other resale of licenses on a standalone basis where the Group acts as Agent, value-added services not being part of the same performance obligation, as well as third-party services agreements resold on a standalone basis for which the Group acts as Agent. For other transactions that involve customization/installation of the software, supplying a bundle of equipment and software or involving other parties in supplying the service, judgment should be exercised to determine the Principal/Agent relationship, particularly if it controls the specified good or service provided by another party before that good or service is transferred to the customer. We have not been able to determine the adjustments that are necessary for presenting the revenue and expenses on a net basis for current year and comparative information. There is no impact on gross margin, gross profit, or equity from this matter.

4. We conducted our audit in accordance with International Standards on Auditing (ISAs), UE Regulation no. 537/2014 of the European Parliament and of the Council („The Regulation”) and Law no. 162/2017 („The Law”). Our responsibilities under those standards and regulations are further described in the *Auditor’s Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group in accordance with International Ethics Standards Board of Accountants Code of Ethics for Professional Accountants (“IESBA Code”) together with the ethical requirements that are relevant to our audit of the financial statements in Romania, including the Regulation and the Law, and we have fulfilled out other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Emphasis of matter

5. We draw attention over Note 28 “Contingent liabilities”, where is included a description of the litigation for the former office space, in which the Group conducted its activities until the end of May 2021. Considering the early stage of the dispute, as well as the fact that the level of potential losses related to this litigation cannot be reliable assessed, the Management considers premature any assessment of the chances or procedures, in establishing provisions affecting the current year result. Our opinion is not modified in respect of this matter.

Key audit matters

6. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Revenue recognition	
Key audit matter	How our audit addressed the key audit matter
<p>Please see Note 7 “Revenue from contracts with customers”.</p> <p>In accordance with International Standards on Auditing, there is an implicit risk on revenue recognition due to the pressure on management in obtaining the planned results.</p> <p>The Group’s main activity from which the Group records revenue are represented by sale and implementation of IT&C goods, training services, and sale of licenses.</p> <p>Revenue is recorded after the control is transferred to the final client, which takes place after the formal acceptance for goods sold, or after the service was provided.</p>	<p>Our audit procedures included, among other:</p> <ul style="list-style-type: none"> ▪ Evaluation of processes and controls on the existence and accuracy of the recorded revenues. ▪ Testing a sample of agreements concluded with customers to understand terms and conditions for transfer of control, also for conditions agreed for discounts to be granted. ▪ Verification of sale register to identify unusual transactions and to check the supporting documents to confirm that revenues are properly recorded. ▪ Audit procedures for testing that revenues were recorded in the appropriate period, for a sample of transactions recorded around the year-end. ▪ Testing a sample of receivables by sending direct confirmation letters.

Other information - Administrators' Annual Consolidated Report

7. Management is responsible for the preparation and presentation of Other information. The Other information comprise the Consolidated Board of Directors report, and the Remuneration Report but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

8. In connection with our audit of the consolidated financial statements for the period ended at 31 December 2022, our responsibility is to read the Other information and, in doing so, consider whether the Other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

In respect to the Board of Directors report, we read and report whether the Board of Directors report is prepared, in all material respects, in accordance with the Order of Minister of Public Finance no 2844/2016, articles 15-19, respectively 26-28 of the accounting regulations in accordance with International Financial Reporting Standards.

In respect of Remuneration Report, we read and report if this was prepared, in all material respects, in accordance with Law 24/2017, articles 106-107.

9. Based solely on the work required to be undertaken in the course of the audit of the financial statements, in our opinion:

a) The information given in the Board of Directors report for the financial year for which the financial statements are prepared, is consistent, in all material respects, with the consolidated financial statements;

b) The Board of Directors Report, including the non-financial representation has been prepared, in all material respects, in accordance with OMFP no. 2844/2016, points 15-19, respectively 26-28, of the accounting regulations compliant with the International of Financial Reporting Standards.

c) The remuneration report has been prepared, in all material respects, in accordance with the provisions of Law 24/2017, articles no. 106-107

10. In addition, based on our knowledge and understanding of the entity and its environment obtained in the course of the audit, we are required to report if we have identified material misstatements in the Board of Directors report. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

11. Management is responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with the Order of the Minister of Public Finance no. 2844/2016. and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

12. In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

13. Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

14. Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
15. As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:
 - Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
 - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
 - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
 - Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
 - Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
 - Obtaining sufficient and appropriate audit evidence for the entities and activities from the Group, to issue an opinion over the consolidated financial statements. We are responsible for coordination, supervision and execution of the group audit. We are solely responsible for our audit opinion.
16. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
17. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

18. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

19. We were appointed as auditor of BITTNET SYSTEMS S.A. by the General Shareholders' Meeting on 26 November 2020. Our total uninterrupted period of engagement is 3 years, covering periods ending 31 December 2020 to 31 December 2022.
20. We confirm that:
- Our audit opinion is consistent with the additional report presented to the Audit Committee of the Company, which is issued with the same date as the current report. We also remain independent of the audited entity in conducting the audit.
 - We have not provided to the Company the prohibited non-audit services referred to in article 5 (1) of EU Regulation no 537/2014.

Report on compliance with Commission Delegated Regulation (EU) 2018/815 (European Single Electronic Format Regulatory Technical Standard or ESEF)

We have undertaken a reasonable assurance engagement on the compliance with Commission Delegated Regulation (EU) 2018/815 applicable to the consolidated financial statements included in the annual financial report of the Company as shown in the digital files containing the unique code 315700VUUQHM9VEDRO36-2022-12-31-ro_v1 (Digital Files).

Responsibility of management and those charged with governance for Digital Files prepared in accordance with ESEF

Management is responsible for preparing the Digital Files in accordance with ESEF. This responsibility includes:

- the design, implementation and maintenance of the internal control relevant to the application of ESEF;
- ensuring consistency between the Digital Files and the financial statements that will be published in accordance with Order no. 2844/2016 with subsequent amendments.
- selection and implementation of appropriate iXBRL mapping;

Those in charge of governance are responsible for overseeing the preparation of Digital Files in accordance with ESEF.

Auditor's Responsibilities for Audit the Digital Files

Our responsibility is to express a conclusion on whether the financial statements included in the annual financial report complies in all material respects with the requirements of the ESEF, based on the evidence we have obtained. We conducted our reasonable assurance assignment in accordance with International Standard on Assurance Assignments 3000 (revised), Assurance Assignments other than audits or reviews of historical financial information (ISAE 3000) issued by the International Auditing and Assurance Standards Board.

A reasonable assurance engagement in accordance with ISAE 3000 involves performing procedures to obtain evidence about compliance with ESEF. The nature, timing, and extent of the procedures

selected depend on the auditor's judgement, including the assessment of the risk of material departures from the requirements set out in ESEF, whether due to fraud or error. A reasonable assurance engagement includes:

- obtaining an understanding of the Company's process for preparation of the Digital Files in accordance with the ESEF, including the relevant internal controls;
- reconciling the Digital Files with the audited financial statements of the Company that will be published in accordance with Order no. 2844/2016 with subsequent amendments.
- evaluating if all financial statements that are included in the annual financial report have been prepared in a valid XHTML format.
- Evaluating if the iXBRL mapping are in compliance with ESEF requirements.

We consider that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion. In our opinion, the financial statements for the financial year ended December 31, 2022 included in the annual financial report and presented in the Digital Files comply, in all material respects, with the requirements of ESEF.

In this section we do not express an audit opinion, a review conclusion or any other assurance conclusion on financial statements. Our audit opinion on the Group's financial statements for the financial year ended December 31, 2022 is included in the " Report on the Audit of the Consolidated Financial Statements" section above.

Other matters

21. This report of the Independent Auditor is addressed exclusively to the Group's shareholders, as a body. Our audit was undertaken in order to report to the Company's shareholders all those aspects that we are required to state to them in a financial audit report and for no other purposes whatsoever. To the extent permitted by law, we do not accept or take responsibility to anyone other than the Company and its shareholders, as a body, for our audit work, for the report on the financial statements, or for the opinion we have formed.

For and behalf of BDO Audit SRL

Registered in the Public Electronic Report of financial auditors
and audit firms with no. FA18

Partner's name: Cristian Iliescu

Registered in the Public Electronic Report of financial auditors
and audit firms with no. AF1530

Bucharest, Romania

Refer to original signed version in Romanian language
--

27 March 2023

BITTNET SYSTEMS SA

CONSOLIDATED FINANCIAL STATEMENTS

Prepared in accordance with
Order of the Minister of Public Finance
no. 2844/2016, as further amended,
for the financial year ended on
31 December 2022

TABLE OF CONTENTS

CONSOLIDATED SITUATION OF COMPREHENSIVE INCOME	3
CONSOLIDATED STATEMENT OF FINANCIAL POSITION	4
CONSOLIDATED SITUATION OF CASH FLOW	5
CONSOLIDATED SITUATION OF CHANGES IN EQUITY	6
NOTE 1. GENERALE INFORMATION	7
NOTE 2. BASIS FOR DRAWING UP THE FINANCIAL STATEMENTS	15
NOTE 3. ESSENTIAL ESTIMATES AND ACCOUNTING REASONING	19
NOTE 4. FINANCIAL INSTRUMENTS - RISK MANAGEMENT	20
NOTE 5. ACTION RESULT	25
NOTE 6. INFORMATION PER ACTIVITY SEGMENT	26
NOTE 7. REVENUES FROM CONTRACTS WITH CLIENTS	28
NOTE 8. SALES COST	30
NOTE 9. OTHER INCOME and OTHER EXPENDITURE	31
NOTE 10. SALES EXPENSES	33
NOTE 11. GENERAL AND ADMINISTRATIVE EXPENSES	33
NOTE 12. CLASSIFICATION OF EXPENSES BY THEIR NATURE	34
NOTE 13. FINANCIAL INCOME AND EXPENSES	35
NOTE 14. TAX PROFIT	36
NOTE 15. GOODWILL	37
NOTE 16. OTHER INTANGIBLE ASSETS	40
NOTE 17. TANGIBLE ASSETS	42
NOTE 18. SECURITIES	43
NOTE 19. INVENTORY	47
NOTE 20. TRADE RECEIVABLES AND OTHER RECEIVABLES	48
NOTE 21. CASH SI CASH EQUIVALENTS	49
NOTA 22. CAPITAL AND RESERVES	50
NOTA 23. BONDS	56
NOTE 24. BANK LOANS	58
NOTE 25. LEASING LIABILITIES	62
NOTE 26. TRADE LIABILITIES AND OTHER LIABILITIES	63
NOTE 27. INFORMATION REGARDING THE RELATION WITH RELATED PARTIES	64
NOTE 28. CONTINGENT LIABILITIES	65
NOTE 29. SIGNIFICANT ACCOUNTING POLICIES	69
NOTE 30. THE RUSSIA – UKRAINE CONFLICT	77
NOTE 31. SUBSEQUENT EVENTS TO THE BALANCE SHEET DATE	78

BITTNET SYSTEMS SA
ANNUAL FINANCIAL STATEMENTS for the financial year 2022
(all the amounts shall be expressed in RON, unless otherwise provided)

CONSOLIDATED SITUATION OF COMPREHENSIVE INCOME

	Note	2022	2021 corrected
Revenues from contracts with customers	[7]	192,156,489	109,813,736
Sales Cost	[8]	(149,412,267)	(85,419,670)
Gross margin		42,744,222	24,394,065
Other revenues	[9]	3,481,459	4,087,086
Sales expenses	[10]	(13,793,331)	(9,547,280)
General and administrative expenses	[11]	(24,999,980)	(12,648,079)
Other expenditure	[9]	(2,145,821)	(1,552,402)
Equivalent securities profit/(loss)		273,630	773.014
	[13]		
Financial income		(3,320,483)	12,091,769
Financial expenses	[13]	(4,308,881)	(2,995,683)
Gross profit		(2,069,186)	14,602,491
Tax profit	[14]	(123.400)	(1,581,516)
Net Profit, of which:		(2,192,586)	13,020,975
related to the parent company		(5,358,890)	12,319,250
related to minority interests		3,166,304	701.725
Other elements of the overall result		-	-
Total comprehensive income		(2,192,586)	13,020,975
related to the parent company		(5,358,890)	12,319,250
related to minority interests		3,166,304	701.725
Earnings per share	[5]		
basic		(0.0105)	0.0260
diluted		(0.0094)	0.0228

The financial statements on page [3] to page [80] were approved and signed on 27 March 2023.

Mihai Logofatu
CEO

Adrian Stanescu
CFO

BITTNET SYSTEMS SA
ANNUAL FINANCIAL STATEMENTS for the financial year 2022
(all the amounts shall be expressed in RON, unless otherwise provided)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	31 Dec 2022	31 Dec 2021 corrected
ASSETS			
Fixed assets			
Goodwill	[15]	57,528,189	40,771,174
Other intangible assets	[16]	9,077,001	9,219,368
Tangible fixed assets	[17]	27,808,467	2,352,513
Investments accounted for using the equity method	[18]	2,918,940	1,996,840
Other financial assets		2,426,167	2,041,467
Deferred tax	[14]	1,271,824	196.773
Total fixed assets		101,030,589	56,578,135
Current assets			
Inventory	[19]	2,777,973	1,184,962
Trade receivables and other receivables	[20]	60,697,390	32,027,010
Financial assets at fair value	[18]	13,790,384	17,919,885
Cash and cash equivalents	[21]	42,300,365	23,403,197
Total current assets		119,566,112	74,535,054
TOTAL ASSETS		220,596,701	131,113,189
EQUITY AND DEBTS			
Share capital		52,848,060	48,043,690
Issue premiums		9,738,583	14,542,953
Other equity items		(11,390,433)	(19,082,504)
Reserves		1,324,823	1,114,139
Reported result		1,149,789	6,719,360
Capital related to the parent company		53,670,822	51,337,639
Non-controlling interests		3,823,943	1,164,851
Total equity and reserves	[22]	57,494,765	52,502,490
Long-term debts			
Bonds	[23]	9,609,806	24,044,334
Bank loans	[24]	11,166,109	6,327,926
Leasing liabilities	[25]	19,290,728	676,929
Long-term debts		-	624,136
Total long-term liabilities		40,066,644	31,673,325
Current debts			
Bonds	[23]	25,194,352	872,768
Bank loans	[24]	13,998,791	3,882,132
Leasing liabilities	[25]	4,693,525	540,786
Dividends payable		500.942	9,995
Profit tax liabilities	[15]	284,250	294.606
Trade liabilities and other liabilities	[26]	78,363,431	41,337,088
Total current debts		123,035,292	46,937,374
Total liabilities		163,101,936	78,610,699
TOTAL EQUITY AND DEBTS		220,596,701	131,113,189

ANNUAL FINANCIAL STATEMENTS for the financial year 2022
(all the amounts shall be expressed in RON, unless otherwise provided)

CONSOLIDATED SITUATION OF CASH FLOW

	2022	2021
		corrected
Gross profit	(2,069,186)	14,602,491
Adjustments for:		
Depreciation expenses	4,424,982	2,388,267
Goodwill impairment adjustments	495,000	-
Expenses related to disposed assets	12,517	102,899
Benefits granted to SOP employees	890,381	1,066,911
Adjustments for the depreciation of receivables	198,849	46,258
Expenses related to acquisitions of participating interests	1,650,821	1,552,402
Interest expenses and other financial costs	3,604,056	3,039,320
Interest and other financial income	634,292	237,744
Gain on securities placements	3,411,090	(11,988,124)
Equity securities gain	(273,630)	(773,014)
Operating profit before working capital change	12,979,173	10,275,153
Variation of receivables account balances	(15,174,426)	(1,342,417)
Variance of the inventory accounts balances	2,240,336	(27,748)
Variation of accounts payable balances	19,341,027	(4,147,634)
Cash generated from operation	19,386,111	4,757,355
Profit tax paid	(1,391,092)	(978.608)
Net cash from operating activities	17,995,019	3,778,747
Investment activities:		
Payments for acquisition of subsidiaries/businesses, +/- cash acquired	(15,023,596)	(9,004,190)
Payments for the purchase of participation interests	(830.127)	(861.219)
Proceeds from the sale of participating interests	10,447,460	
Loans granted to related entities	240,000	(184.889)
Acquisitions of tangible and intangible assets	(4,054,298)	(1,627,488)
Other investments in financial instruments	(4,179,499)	(2,015,800)
Proceeds from other financial investments	4,809,727	7,829,183
Collected dividends	134,220	670,082
Interest received	111,911	82,339
Net cash from investment activities	(8,344,203)	(5,111,981)
Financing activities:		
Proceeds from share issue	-	10,412,024
Repurchases/sales of own shares	(2,603,739)	66.096
Drawings of Bank loans	9,951,863	-
Repayments of bank loans	-	(1,944,388)
Receipts from bond issue	9,609,806	-
Repayments from bond issue		(4,500,000)
Payments of leasing liabilities	(2,956,494)	(1,261,365)
Interest paid	(3,326,805)	(2,869,324)
Dividends paid on minority interests	(1,428,279)	(39.267)
Net cash from financing activities	9,246,353	(136.225)
Net increase in cash and cash equivalents	18,897,168	(1,469,459)
Cash and cash equivalents at the beginning of the financial year	23,403,197	24,872,655
Cash and cash equivalents at the end of the financial year	42,300,365	23,403,197

BITTNET SYSTEMS SA
ANNUAL FINANCIAL STATEMENTS for the financial year 2022
(all the amounts shall be expressed in RON, unless otherwise provided)

CONSOLIDATED SITUATION OF CHANGES IN EQUITY

	Share capital	Issue premiums	Other equity items	Legal reserves	Reported result	Total capital	Non-controlling interests	Total equity
31 Dec 2020	26,443,139	25,409,965	(19,893,997)	451,993	(5,020,028)	27,391,072	255,237	27,646,310
Net profit	-	-	-	-	12,319,250	12,319,250	701,725	13,020,975
Other elements of the global result	-	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	-	12,319,250	12,319,250	701,725	13,020,975
<i>Transactions with shareholders</i>						-		-
Share capital increase	21,600,551	(10,867,013)	(321,515)	-	-	10,412,024	-	10,412,024
Benefits granted to SOP employees			1,066,911		-	1,066,911	-	1,066,911
SOP implementation	-	-	66,096	-		66,096		66,096
Non-controlling interests	-	-	-	78,676	(78,676)		329,440	329,440
Dividend distribution	-	-	-	-	82,284	82,284	(121,550)	(39,266)
Distribution of the legal reserve	-	-	-	583,471	(583,471)	-	-	-
31 Dec 2021	48,043,690	14,542,953	(19,082,504)	1,114,139	6,719,360	51,337,639	1,164,851	52,502,490
Net profit	-	-	-	-	(5,089,391)	(5,089,391)	3,279,878	(1,809,513)
Other elements of the global result	-	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	-	(5,358,890)	(5,358,890)	3,166,304	(2,192,586)
<i>Transactions with shareholders</i>						-		-
Share capital increase	4,804,369	(4,804,369)	(9,895)	-	-	(9,895)	-	(9,895)
Benefits granted to SOP employees	-	-	890,381		-	890,381	-	890,381
SOP implementation	-	-	(2,649,244)	-		(2,649,244)		(2,649,244)
Sale of minority shareholdings	-	-	9,460,829			9,460,829	538,472	9,999,301
Non-controlling interests	-	-	-	-	-	-	-	-
Dividend distribution	-	-	-	-	-	-	(1,045,684)	(1,045,684)
Distribution of the legal reserve	-	-	-	210,683	(210,683)	-	-	-
31 Dec 2022	52,848,060	9,738,583	(11,390,433)	1,324,823	1,149,789	53,670,822	3,823,943	57,494,765

BITTNET SYSTEMS SA
ANNUAL FINANCIAL STATEMENTS for the financial year 2022
(all the amounts shall be expressed in RON, unless otherwise provided)

NOTE 1. GENERALE INFORMATION

Group structure and operational activities

The financial statements include the consolidated financial information of the parent company Bittnet Systems (the "Issuer"), headquartered in Bucharest, Str. Sergent Ion Nutu, nr. 44, One Cotroceni Park, Corp A and Corp B, 4th floor, sector 5, and the following branches, all branches being registered in Romania:

	<u>31 Dec 2022</u>	<u>31 Dec 2021</u>
SUBSIDIARIES - % ownership		
Dendrio Solutions	88.001%	100%
Elian Solutions	51.02%	51.02%
Equatorial Gaming	98.99%	98.99%
Equatorial Training, by Equatorial Gaming	100%	100%
Computer Learning Center	100%	100%
ISEC Associates	69.992%	69.992%
IT Prepared	50.2%	50.2%
Nenos Software	60.97%	60.97%
Nonlinear	60%	60%
Global Resolution Experts	60%	60%
GRX Advisory, by Global Resolution Experts	60%	60%
Top Tech, 46% by Dendrio Solutions	86%	-
2Net Computer, by Dendrio Solutions	100%	-
MINORITY INTERESTS		
E-Learning Company	23%	23%

The group has more than 400 employees and collaborators, working for one of the 14 companies included in the group (Bittnet Systems, Dendrio Solutions, Elian Solutions, Equatorial Gaming, Equatorial Training, Computer Learning Center, ISEC Associates, IT Prepared, Nenos Software, Nonlinear, Global Resolution Experts, GRX Advisory, Top Tech, 2Net Computer).

The consolidated financial statements include the results of the business combination by purchase method. In the statement of financial position, the assets, liabilities and contingent liabilities of the acquirer entity are initially recognized at their fair values at the acquisition date. The results of the acquired operations are included in the consolidated statement of comprehensive income from the date of obtaining control (Dendrio Solutions - September 2017, Elian Solutions - November 2018, Equatorial Gaming and Equatorial Training - December 2020, Computer Learning Center, ISEC Associates, IT Prepared, Nenos Software, Nonlinear - August 2021, Global Resolution Experts and GRX Advisory - December 2021, Top Tech and 2Net Computer - September 2022).

BITTNET SYSTEMS SA
ANNUAL FINANCIAL STATEMENTS for the financial year 2022
(all the amounts shall be expressed in RON, unless otherwise provided)

Bittnet Systems S.A.

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

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

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

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

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

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

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

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

Starting with June 2020, Bittnet shares (BNET symbol) are listed on the BVB Regulated Market.

Dendrio Solutions

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

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

In December 2018, Bittnet acquired the IT&C integration activity of Crescendo International SRL, a company with 25 years of experience in Romania and on foreign markets. Crescendo's IT&C division has been integrated

BITTNET SYSTEMS SA
ANNUAL FINANCIAL STATEMENTS for the financial year 2022
(all the amounts shall be expressed in RON, unless otherwise provided)

into Dendrio and, as a result of the merger, the company benefits from a more stable business structure, extensive staff resources, and an extensive portfolio of customers, products and services.

In June 2022, Bittnet Systems announced to the Market through the current report no. 25/14.06.2022 that an institutional investor has been co-opted in the shareholding of Dendrio Solutions SRL. The transaction was carried out through the sale of an 11.999% stake in Dendrio to the investment fund Agista Investments for RON 7,499,982.76. Considering the transaction price, the market valuation of the IT&C integrator Dendrio Solutions amounts to RON 62.5 million.

With Agista joining the shareholding, Dendrio is on its way to listing on the capital market either through a private placement or an initial public offering on the BVB, or through a merger procedure with a company listed on a regulated market or on a multilateral trading facility in a member state of the European Union.

Elian Solutions

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

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

Equatorial Gaming

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

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

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

Computer Learning Center & ISEC Associates

On August 2021, the Group informed the investors about the signing of the share sale-purchase agreements for the takeover of the cyber security company – ISEC Associates Srl and of the IT training company – Computer Learning Center.

The purchase price for 100% of Computer Learning Center (CLC) is RON 725,000, amount settled in two instalments: the first instalment, amounting to RON 225,000, was paid by payment order during August 2021, and the second instalment – amounting to RON 500,000, conditional on the removal from CLC's patrimony of assets that are not relevant to the company's current activity – was paid in January 2022.

BITTNET SYSTEMS SA
ANNUAL FINANCIAL STATEMENTS for the financial year 2022
(all the amounts shall be expressed in RON, unless otherwise provided)

Thus, Bittnet Group consolidates its Education division and expands its certification portfolio, especially in the cyber security sector. The company collaborates with over 30 certified trainers and has delivered over 2,500 courses to 15,000 participants in recent years.

Following the entry of Bittnet Systems in the shareholding, a loan agreement was signed by the parties in September 2021, whereby the Issuer made available to Computer Learning Center the amount of RON 560,000 for financing the working capital for a maximum period of 3 years and an interest rate of 9% per year. The loan was successively increased up to the amount of RON 2,405,000 in the period October 2021 – June 2022, and then partially repaid in August – September 2022, the remaining balance as of 31.12.2022 amounting to RON 1,130,000.

The purchase price for the purchase of 69.99% of ISEC Associates shares is RON 295,000, which was paid in a single instalment, by bank transfer, to the founding shareholder, Alexandru Andriescu.

ISEC Associates is a company founded in 2003, specialized in complete security auditing, consulting and testing services. ISEC helps companies identify, assess, secure and manage information security. By acquiring ISEC, Bittnet increases its position on the cyber-security market.

Following the entry of Bittnet Systems in the shareholding, a loan agreement was signed by the parties whereby the Issuer made available to ISEC Associates the amount of RON 370,000 for financing the working capital for a maximum period of 3 years and an interest rate of 9% per year. The loan was increased successively up to the amount of RON 600,000 in February-June 2022.

Computer Learning Center and ISEC Associates have been consolidated in the financial statements from September 2021.

IT Prepared

In August 2021, the Group informed investors and the Market about the completion of negotiations and signing of the agreement for the acquisition of a majority stake in IT Prepared SRL. The price of the transaction amounts to USD 776,290 for 50.2% of the share capital of the company and will be paid through a mix of cash and BNET shares in 3 instalments as follows:

- The first instalment, amounting to USD 265,200, was paid in cash in RON equivalent immediately after the signing of the share purchase agreement, by a payment order to the two founding shareholders of IT Prepared;
- According to the sale-purchase agreement, the second instalment, in the amount of USD 368,290 (the updated amount following the closing of ITPrepared financial statements on 31.12.2021), would have been paid to the founders of ITPrepared in BNET shares in an operation of capital increase. In March 2023, the parties agreed to sign an additional act at the SPA, through which they established that the payment of second instalment should be made in cash, by bank transfer in national currency. Following the bank transfers, in March 2023, second instalment is considered fully paid.
- The third instalment, amounting to RON 1,078,768 (amount updated following the closing of IT Prepared's financial statements on 31.12.2022), will be paid to IT Prepared's founders in cash by 30.06.2023.

The transaction for taking over the majority stake in the company IT Prepared Srl was approved by the Shareholders in EGMS on November 26, 2020. Considering that the financial and operational situation of IT

BITTNET SYSTEMS SA
ANNUAL FINANCIAL STATEMENTS for the financial year 2022
(all the amounts shall be expressed in RON, unless otherwise provided)

Prepared Srl changed between the time of approval granted by EGMS and the time of signing the investment agreement, the parameters of the transaction were renegotiated for the benefit of Bittnet, the final evaluation being halved (thus Bittnet took over the majority package), and the payment will be dependent on the confirmation of positive operational results in 2021 and 2022.

IT Prepared has been consolidated in the financial statements since September 2021.

Nenos Software & Nonlinear

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

The value of the transaction for the acquisition of 60.97% of Nenos Software amounts to RON 4,850,000, settled in two instalments as follows:

- 50% of the transaction price (i.e. the amount of 2,425,000 lei) was paid by bank transfer to the account of the sole associate of Nenos Software;
- According to the sale-purchase agreement, the transaction value would have been settled by allocating in BNET shares in a capital increase operation. In March 2023, the parties agreed to sign an additional act to the SPA, by which they determined that the payment of this tranche should be made in cash, by bank transfer. Following the transfer, in March 2023, the transaction price was fully paid.

For the acquisition of 60% of the company Nonlinear Srl, the transaction price is RON 120 and is equal to the nominal value of the assigned shares. Nonlinear had in 2020 a turnover of Ron 392,442 and a net profit of Ron 115,018, with 4 programmers employed.

Nonlinear signed in 2021 a financing agreement for the development of a digitization product, intended for SMEs and micro-enterprises, which will allow the HR automation, accounting, invoicing processes, etc. The product is a no-code platform, in which the automation of processes can be made by employees without programming knowledge. The non-reimbursable financing is 1.5 million EUR, with own contribution of 0.5 million EUR.

By taking over the majority shares in Nenos Software Srl and Nonlinear Srl, Bittnet consolidates its position in the software development division, entering at the same time the artificial intelligence sector.

Nenos Software and Nonlinear have been consolidated in the financial statements since September 2021.

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

Global Resolution Experts S.A. (Tax registration number 34836770), 60% owned by Bittnet Systems, is a professional services company in the cybersecurity area, offering penetration testing Systems, as well as design, implementation and maintenance of cybersecurity solutions. GRX wholly owns GRX Advisory SRL (Tax registration number 43813325), with similar services.

The Group initially acquired a 74% stake in the "parent" company – GRX – in December 2021, and subsequently in the end of 2021 attracted a number of individual and corporate investors by selling a share of 14% of GRX shares. The price paid for 74% of GRX shares amounts to RON 11,425,600, of which RON 5,150,400 was paid in December 2021 and RON 6,275,200 was paid between March and April 2022, after the completion of the audit for the 2021 financial results. The sale price for 14% of the shares held in GRX was RON 3,472,631, which was received in full in December 2021 – January 2022.

BITTNET SYSTEMS SA
ANNUAL FINANCIAL STATEMENTS for the financial year 2022
(all the amounts shall be expressed in RON, unless otherwise provided)

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

GRX and GRX-A have been consolidated in the financial statements as at 31.12.2021 at balance sheet level only. From January 2022, GRX and GRX-A have been fully consolidated in the Group's financial statements.

Top Tech

Founded in 1992, Top Tech SRL (Tax registration number: 2114184) is a Romanian company, integrator of IT&C products and services, doing business in the Transylvania area. Currently, TopTech has partnerships in place with some of the most important technology manufacturers, such as Dell or HP, for the delivery of technological equipment, solutions and services. The company has more than 80 employees and collaborators being one of the most important IT integrators in the central and western part of Romania. TopTech has offices in Deva, Sibiu, Timisoara, Cluj-Napoca, Alba-Iulia and Medias. As a result of this transaction, Bittnet Group has expanded its geographical coverage nationwide in the IT&C integration industry.

After signing the closing in early September and registering the new shareholding structure with the Trade Register, Dendrio Solutions SRL holds 60% of Top Tech, while Bittnet Systems SA holds 40%. The total amount of the transaction price is RON 12,874,306, of which RON 5,000,000 will be settled in BNET shares in a future share capital increase; the cash component, amounting to RON 7,874,306, was fully paid in September 2022.

In March 2023, the parties signed an additional act to the sale-purchase agreement, by which they agreed that the amount of RON 2,000,000.11, related to tranche 2, should be paid in cash by payment order, and the amount of RON 2,999,999.89 to be converted into BNET shares in the capital increase carried out in quarter 1, 2023. The bank transfer was made in March 2023.

In December 2022, Bittnet Systems announced to its investors the co-optation of the investment fund Agista Investments in the Top Tech shareholding. The transaction was carried out through the sale by the subsidiary company Dendrio Solutions SRL of 56 shares, representing 14% of the share capital and voting rights of Top Tech, for the amount of RON 3,000,000. Following the co-optation of Agista as an investor in Top Tech, the shareholding structure of Top Tech is as follows: Bittnet Systems holds 160 shares, representing 40% of Top Tech, and Dendrio Solutions SRL holds 184 shares, representing 46% of Top Tech.

Top Tech has been consolidated in the financial statements from October 2022.

zNet Computer

zNET Computer SRL (Tax registration number 8586712) is a Romanian company with more than 20 years of experience in providing IT&C products and services with a focus on the Brasov area and the central area of the country for local and international customers with presence in Brasov, Harghita and Covasna counties. znet Computer provides technology products and solutions from leading international vendors, including: design and implementation of technical security systems; technology solutions & services for equipment

BITTNET SYSTEMS SA
ANNUAL FINANCIAL STATEMENTS for the financial year 2022
(all the amounts shall be expressed in RON, unless otherwise provided)

configuration, servers, storage, networking, software, virtualization, hardware & software security; marketing of hardware components / PCs / printers, copiers & MFPs / scanners.

The total amount of the transaction price is RON 5,241,931, which will be paid in full in September 2022.

2Net Computer SRL has been consolidated in the financial statements since October 2022.

The E-Learning Company S.A.

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

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

The total value of the transaction is dimensioned at the amount of RON 2.5 million. Payment to the founders of E-Learning Company will be made in two stages, according to Decision no. 6 of Bittnet EGMS from November 2020, through a mix of cash and BNET shares:

- the first instalment amounting to Ron 850,000 was fully paid in cash, the amount of 450,000 during Q1 2021, and the rest in April 2021. Bittnet's management has decided to pay in full the 1st instalment in cash considering the long period of time for processing the operation of clearing with shares to the founders of the previous M&A transactions – the acquisition of 25% of Softbinator and 99% of Equatorial Gaming.
- the second instalment in the amount of RON 1,682,690 (which was calculated after the closing of financial statements on 31.12.2021) and was paid 50% in cash in April 2022, and the remaining 50% would have been paid in BNET shares in an operation of capital increase. In March 2023, the parties signed an additional act to the sale-purchase agreement shares, by which they established that the remaining 50% of the value of tranche 2 should be paid in cash by bank transfer.

As a result of the investment contract, Bittnet has allocated a position in the Board of Directors of E-Learning Company, a position that will be occupied by Ivylon Management SRL through Logofatu Cristian. Bittnet has decided to participate in ELC in order to reach certain minimum profitability limits, which is why, in the coming years, the distribution of dividends will be pursued, so that Bittnet can achieve a return of at least 18% annually provided that ELC to achieve a degree of profitability at least equal to this percentage.

Following Bittnet Systems' entry into the shareholding, the parties also signed a loan agreement by which the Issuer made available to The E-Learning Company the amount of RON 240,000 for financing the working capital for a maximum period of 3 years and an interest of 10 % per year. The loan was repaid in full during May 2022.

The Group's Management

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

- 1) **Ivylon Management SRL by Mihai Alexandru Constantin Logofatu.** On the date when this note is drafted, Mihai Logofatu owns a number of 57,870,621 shares, which represents 12.04% of the share capital and voting rights. Mihai Logofatu is co-founder of Bittnet Systems.

BITTNET SYSTEMS SA
ANNUAL FINANCIAL STATEMENTS for the financial year 2022
(all the amounts shall be expressed in RON, unless otherwise provided)

- 2) **Cristian Ion Logofatu**, who owns a number of 53,461,971 shares, which represents 11.13% of the share capital and voting rights. Cristian Logofatu is co-founder of Bittnet Systems.

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

- 3) **Anghel Lucian Claudiu** – independent manager, who holds a number of 5,468,395 shares of the Issuer, i.e. a percentage of 1.13% of the voting rights.

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

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

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

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

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

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

BITTNET SYSTEMS SA
ANNUAL FINANCIAL STATEMENTS for the financial year 2022
(all the amounts shall be expressed in RON, unless otherwise provided)

NOTE 2. BASIS FOR DRAWING UP THE FINANCIAL STATEMENTS

a) Declaration of conformity

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

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

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

The main accounting policies adopted in the preparation of the consolidated financial statements are set out at Note 30 "Significant accounting policies".

b) Business continuity

The Coronavirus pandemic posed a serious threat to public health and the Government imposed restrictions on natural and legal persons. The significant development and spread of the coronavirus did not take place until January 2020. The impact on business and the measures adopted are presented below. In view of the lifting of the alert status and the lifting of the restrictions it is expected that the impact for the financial year 2023 will be reduced.

Adopted measures

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

Impact on business

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

The resulting effects of this general environment are:

- **The worsening semiconductor crisis** has significantly affected projects that include hardware components. Although in the first quarter and even the first 6 months of 2021 there were moments of recovery in component supply flows (processors/chips), since May 2021 this trend has entered a

BITTNET SYSTEMS SA
ANNUAL FINANCIAL STATEMENTS for the financial year 2022
(all the amounts shall be expressed in RON, unless otherwise provided)

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 to be over? Certainly not in the near future: <https://www.bloomberg.com/graphics/2021-chip-production-why-hard-to-make-semiconductors/>

- **Human factor pressure** – the global pandemic has introduced an easing in the way companies hire and interact with employees and collaborators. More and more global projects are being delivered with offshore resources, while geographic location simply has now a fiscal significance. As a result, IT companies in Romania, including firms in the group's technology division, are facing extremely fierce global competition in a market where skilled labour is scarce and becoming increasingly mobile.
- The consistent digitization of work processes over the past two years is leading to **a significant increase in demand for expertise in the Cybersecurity space**. Given that Dendrio offers a broad spectrum of solutions and services in the cybersecurity area but also the fact that as of August 2021 the technology division has started to include other companies with exceptional cyber expertise, such as: IT Prepared, Global Resolution Experts (GRX), or iSec Associates (iSec) – we can consider that at this moment the technology division and the Bittnet Group are in an extremely favourable position for the coming period.

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

c) Corrections for previous years

The Group's financial statements reported for the financial year 2021 have been corrected as a result of:

- reanalyzing the principles of recognizing pre-acquisition costs for interests participation (specialized M&A consultancy, financial and legal due-diligence services, legal services, etc.) in accordance with the provisions of the IFRS 3 standard;
- reanalyzing the provisions of the IFRS 15 standard ("Revenue from contracts with customers"), correlated with those mentioned in the interpretation ("agenda decision") provided by the IFRS Standards Interpretation and Maintenance Committee ("IFRIC - IFRS Interpretation Committee") in May 2022 regarding the resale of software licenses ("software resellers"). According to what is mentioned in Note 7, the Group has identified 5 categories of software licenses traded in the period 2021-2022 which represent resales of standard software licenses ("resale of standard software licenses"), in that in these cases the Group does not sell the rights associated with these software licenses in combination with its own value-added services, but only mediates their sale from producers / distributors to final customers. As such, the Group decided to amend the revenue recognition policy for the above-mentioned categories of standard software licenses resold with a singular character (i.e. without being combined with its own value-added services), considering that in these cases it acts as an Agent. Revenues resulting from the resale of these standard software licenses were recognized on a "net" basis, i.e. the resulting gross margin was fully recognized as income, with zero sales costs. No corrections were required for previous financial years.

BITTNET SYSTEMS SA
ANNUAL FINANCIAL STATEMENTS for the financial year 2022
(all the amounts shall be expressed in RON, unless otherwise provided)

The effects of the corrections on results and equity are provided in the tables below:

Comprehensive income	Corrected	Reported	Differences
Revenues from contracts with clients	109,813,736	112,576,327	(2,762,591)
Cost of sales	(85,419,670)	(88,182,261)	2,762,591
Other revenues	4,087,086	4,087,086	-
Sales costs	(9,547,280)	(9,547,280)	-
Administrative expenses	(12,648,079)	(12,648,079)	-
Other expenditure	(1,552,402)		(1,552,402)
Financial result	9,869,101	9,869,101	-
Tax Profit	(1,581,516)	(1,731,032)	149,516
Net result correction			(1,402,886)

Equity Capital	Corrected	Reported	Differences
Goodwill	40,771,174	41,705,648	(934,475)
Deferred tax	196,773	47,257	149,516
Trade receivables and other receivables	32,027,010	32,644,937	(617,927)
Total equity correction			(1,402,886)

d) New standards and interpretations, valid until 31 December 2022

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

- Amendments to IAS 16 "Tangible assets" - Receipts before intended use, adopted by the EU on June 28, 2021 (applicable for annual periods beginning on or after January 1, 2022)
- Amendments to IAS 37 "Provisions, contingent liabilities and contingent assets" - Onerous contracts - The cost of fulfilling a contract adopted by the EU on June 28, 2021 (applicable for annual periods starting on or after January 1, 2022),
- Financial Reporting Conceptual Framework (Amendments to IFRS 3) - In May 2020, the IASB issued amendments to IFRS 3, which update a reference to the Financial Reporting Conceptual Framework without changing the accounting requirements for business combinations.
- Amendments to various standards due to "IFRS Improvements (cycle 2018-2020)" resulting from the annual IFRS improvement project (IFRS 1, IFRS 9, IFRS 16 and IAS 41) with the main purpose of removing inconsistencies and clarifying certain forms - adopted by the EU on June 28, 2021 (Amendments to IFRS 1, IFRS 9 and IAS 41 are applicable for annual periods starting on or after January 1, 2022. The amendment to IFRS 16 refers only to an illustrative example, so it is not mentioned an effective date).

The adoption of the new amendments to the existing standards did not have any significant impact on the Group's consolidated financial statements

e) New standards and interpretations not applicable on 31 December 2022

BITTNET SYSTEMS SA
ANNUAL FINANCIAL STATEMENTS for the financial year 2022
(all the amounts shall be expressed in RON, unless otherwise provided)

At the date of approval of these consolidated financial statements, the following amendments to the existing standards were issued by the IASB and adopted by the EU, not being in force yet:

- IFRS 17 "Insurance contracts", including amendments to IFRS 17 issued by the IASB on June 25, 2020 - adopted by the EU on November 19, 2021 (applicable for annual periods beginning on or after January 1, 2023),
- Amendments to IFRS 17 "Insurance contracts" - Initial application of IFRS 17 and IFRS 9 - Comparative information adopted by the EU on September 9, 2022 (applicable for annual periods beginning on or after January 1, 2023).
- Amendments to IAS 1 "Presentation of financial statements" - Presentation of accounting policies (applicable for annual periods starting on or after January 1, 2023);
- Amendments to IAS 8 "Accounting policies, changes in accounting estimates and errors" - Definition of accounting estimates (applicable for annual periods starting on or after January 1, 2023);
- Amendments to IAS 12 "Income taxes" - Deferred tax related to assets and liabilities arising from a single transaction (applicable for annual periods starting on or after January 1, 2023);

The group chose not to adopt these amendments to the existing standards before the effective dates of entry into force. The Group anticipates that the adoption of these standards and amendments to the existing standards will not have a significant impact on the consolidated financial statements of the Group during the initial application period.

f) New standards and amendments to existing standards issued by the IASB, but which have not yet been adopted by the EU. Currently, IFRS as adopted by the EU do not differ significantly from the regulations adopted by the International Accounting Standards Board (IASB), with the exception of the following new standards and amendments to existing standards, which were not approved for use in the EU on the publication of the consolidated financial statements (the effective dates mentioned below are for the IFRS standards issued by the IASB):

- IFRS 14 "Deferral accounts related to regulated activities" (applicable for annual periods starting on or after January 1, 2016) - the European Commission decided not to issue the approval process of this interim standard and to wait for the final standard;
- Amendments to IAS 1 "Presentation of financial statements" - Classification of liabilities into short-term liabilities and long-term liabilities (applicable for annual periods starting on or after January 1, 2023);
- Amendments to IAS 1 "Presentation of financial statements" - Fixed liabilities with agreements (applicable for annual periods on or after January 1, 2024);
- Amendments to IFRS 16 "Leasing contracts" - Leasing liabilities in case of sale and leaseback (applicable for annual periods on or after January 1, 2024); The Group anticipates that the adoption of these new standards and amendments to the existing standards will not have a significant impact on the Group's consolidated financial statements during the initial application period.

NOTE 3. ESSENTIAL ESTIMATES AND ACCOUNTING REASONING

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

Essential reasoning

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

Estimates and assumptions

- Fair value measurement of financial assets held for sale (Note 17)
- Evaluation of the counterperformance related to the employee/collaborator loyalty program by offering actions – "SOP" (Note 22)
- Adjustments assessment of the receivables impairment (Note 20)

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

BITTNET SYSTEMS SA
ANNUAL FINANCIAL STATEMENTS for the financial year 2022
(all the amounts shall be expressed in RON, unless otherwise provided)

NOTE 4. FINANCIAL INSTRUMENTS - RISK MANAGEMENT

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

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

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

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

(i) Main financial instruments

The main financial instruments used by the Group, resulting in the risk of the financial instrument, are the following:

- Receivables and loans;
- Cash and cash equivalents;
- Variable rate bank loans;
- Bank loans and fixed-rate bonds;
- Business debts and other liabilities.

(ii) Financial instruments by category

FINANCIAL LIABILITIES	31 Dec 2022	31 Dec 2021
Bond issue loans	34,804,159	24,917,101
Leasing liabilities	23,984,253	1,217,715
Bank loans	25,164,901	10,210,058
Trade liabilities and other liabilities	72,238,862	37,354,776
Total	156,192,175	73,699,651
FINANCIAL ASSETS	31 Dec 2022	31 Dec 2021
		corrected
Receivables and loans	60,612,486	32,444,367
Cash and cash equivalents	42,300,365	23,403,197
Total	102,912,851	55,847,564

BITTNET SYSTEMS SA
ANNUAL FINANCIAL STATEMENTS for the financial year 2022
(all the amounts shall be expressed in RON, unless otherwise provided)

(iii) Financial instruments not measured at fair value

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

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

General objectives, policies and processes

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

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

Credit risk

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

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

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

Additional relevant information on trade and other receivables, which are neither due or impaired, is provided at Note 20.

Cash in bank deposits and short-term deposits

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

Market risk

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

Interest rate risk

BITTNET SYSTEMS SA
ANNUAL FINANCIAL STATEMENTS for the financial year 2022
(all the amounts shall be expressed in RON, unless otherwise provided)

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

Most of the amounts borrowed currently have fixed annual interest. The weighted cost of borrowed capital is just under 9% per annum. We believe that the next financial period will be a period in which the fact that, for the most part, the price of the borrowed capital has been fixed will constitute a competitive advantage.

	31 Dec 2022	31 Dec 2021
Variable interest	25,164,901	10,210,058
Fixed interest	58,788,412	26,134,816
Total	83,953,313	36,344,874

On December 31, 2022, if the interest rates corresponding to the loans in RON had been by 1% higher/lower, all the other variables being kept constant, the gross profit for that year would have been by 251,649 lower/higher (December 31, 2019: 102,101), mainly as a result of higher/lower interest expense on variable rate loans.

Currency risk

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

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

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

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

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

BITTNET SYSTEMS SA
ANNUAL FINANCIAL STATEMENTS for the financial year 2022
(all the amounts shall be expressed in RON, unless otherwise provided)

RON):

Net financial assets/(liabilities) in foreign currency	31 Dec 2022	31 Dec 2021
		corrected
RON	(44,350,317)	(16,425,447)
EUR	(11,453,794)	(2,513,343)
USD	2,524,786	1,086,702

Other market risk

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

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

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

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

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

Liquidity risk

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

BITTNET SYSTEMS SA
ANNUAL FINANCIAL STATEMENTS for the financial year 2022

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

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

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

31 December 2022	Up to 3 months	3 to 12 months	1 to 2 years	Over 2 years
Bond issue loans	10,864,435	14,329,918	-	9,609,806
Leasing liabilities	997,312	3,737,984	4,557,220	14,691,737
Bank loans	1,468,501	12,530,290	1,684,079	9,482,031
Trade liabilities and other liabilities	61,077,991	11,160,871	-	-
Total	74,408,239	41,759,063	6,241,299	33,783,574

31 December 2021	Up to 3 months	3 to 12 months	1 to 2 years	2 to 5 years
Bond issue loans	872,768	-	24,044,334	-
Leasing liabilities	157,218	361,453	306,848	392,196
Bank loans	692,574	3,207,749	6,309,736	-
Trade liabilities and other liabilities	25,573,165	11,157,475	624,136	-
Total	27,295,725	14,726,677	31,285,053	392,196

Relevant information on capital

The Group shall monitor the capital comprising all components of the equity.

The Group's objectives in maintaining capital are:

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

BITTNET SYSTEMS SA
ANNUAL FINANCIAL STATEMENTS for the financial year 2022
(all the amounts shall be expressed in RON, unless otherwise provided)

NOTE 5. ACTION RESULT

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

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

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

The calculation of the result per share for the financial years 2021-2022 is presented in the following table:

	<u>2022</u>	<u>2021</u>
		corrected
Net profit attributable to parent company (A)	(5,358,890)	12,319,250
Number of shares - beginning of period	480,436,904	264,431,393
Capitalization of premiums/retained earnings	-	197,826,961
Shares issued during the period against cash	48,043,691	18,178,550
		<u>480,436,90</u>
Number of shares - end of period	528,480,595	4
Average ordinary shares in the period (B)	<u>512,466,031</u>	<u>474,377,387</u>
Dilutive Effect Shares (SOP)	97,768,910	88,880,827
Total average (C)	<u>571,479,698</u>	<u>539,236,369</u>
Earnings per share		
basic (A/B)	(0.0105)	0.0260
diluted (A/C)	(0.0094)	0.0228

BITTNET SYSTEMS SA
ANNUAL FINANCIAL STATEMENTS for the financial year 2022
(all the amounts shall be expressed in RON, unless otherwise provided)

NOTE 6. INFORMATION PER ACTIVITY SEGMENT

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

Bittnet Group operates two key divisions: Education and Technology.

- **Education** - which currently consists of the IT training segment
Training offered by **Bittnet**, **Equatorial** and **Computer Learning Center** allows experts access to technology by teaching IT skills, from basic (e.g.: Microsoft Office Suite) to the most advanced ones (Cloud, DevOps, Cybersecurity). The business training portfolio includes project management, IT services management, business intelligence, CRM, ERP, Agile, etc.
- **Technology** - which is focused on IT integration services, offering integration solutions previously offered by both **Bittnet**, **Dendrio** and **Elia**, as well as **ISEC Associates**, **IT Prepared**, **Nenos Software**, **Nonlinear**, **Global Resolution Experts** and **GRX-A**, **Top Tech** and **2Net Computer**. This activity has a shared portfolio of products, services and solutions and a larger team that will allow a greater volume of work, both technically and in terms of sales.

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

OPERATIONAL RESULTS	2022			2021		
	Education	Technology	Total	Education	Technology	Total
						corrected
Total revenues	21,382,542	176,551,654	197,934,196	14,376,372	101,116,201	115,492,573
Revenues between segments	(655,592)	(5,122,115)	(5,777,707)	(193,310)	(5,485,527)	(5,678,837)
Revenues from contracts with clients	20,726,951	171,429,539	192,156,489	14,183,062	95,630,674	109,813,736
Gross margin	9,278,774	33,465,449	42,744,222	7,270,586	17,123,479	24,394,065
Allocated sales costs	(4,854,912)	(8,938,419)	(13,793,331)	(3,922,351)	(5,624,928)	(9,547,280)
Margin, after sales costs	4,423,862	24,527,029	28,950,891	3,348,235	11,498,551	14,846,786
Other revenues	2,398,847	1,082,612	3,481,459	1,256,150	2,830,936	4,087,086
Unallocated operating expenses			(24,999,980)			(12,648,079)
Other expenditure			(2,145,821)			(1,552,402)
Financial income/expenditure			(7,355,734)			9,869,101
Gross profit			(2,069,186)			14,602,491

BITTNET SYSTEMS SA
ANNUAL FINANCIAL STATEMENTS for the financial year 2022
(all the amounts shall be expressed in RON, unless otherwise provided)

ASSETS / LIABILITIES		31 Dec 2022			31 Dec 2021		
		Education	Technology	Total	Education	Technology	Total
Investments in non-financial assets		2,954,514	35,314,553	38,269,067	3,095,515	18,995,373	22,090,888
Assets per segment		61,388,109	157,022,345	218,405,454	21,348,766	83,071,492	104,420,259
Unallocated assets				2,191,247			26,692,930
Total Assets				<u>220,596,701</u>			<u>131,113,189</u>
Debts per segment		28,291,543	131,670,540	159,962,083	16,881,488	50,477,490	67,358,978
Unallocated liabilities				3,139,853			11,251,721
Total liabilities				<u>163,101,936</u>			<u>78,610,699</u>

BITTNET SYSTEMS SA
ANNUAL FINANCIAL STATEMENTS for the financial year 2022
(all the amounts shall be expressed in RON, unless otherwise provided)

NOTE 7. REVENUES FROM CONTRACTS WITH CLIENTS

Revenues from contracts with customers for the financial years 2021-2022 are detailed in the following table:

	<u>2022</u>	<u>2021</u>
Training services	20,726,951	14,183,062
IT solutions integration services	<u>44,765,567</u>	<u>24,436,315</u>
Revenues from the provision of services	65,492,518	38,619,377
Selling goods integrating IT solutions	80,678,297	32,627,694
Resold licenses	<u>45,985,674</u>	<u>38,566,665</u>
Sale of goods	126,663,972	71,194,359
Total	<u>192,156,489</u>	<u>109,813,736</u>

Training services

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

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

IT solutions integration services

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

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

Revenues from the sale of goods and licenses

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

Revenue from a geographical perspective

BITTNET SYSTEMS SA
ANNUAL FINANCIAL STATEMENTS for the financial year 2022
(all the amounts shall be expressed in RON, unless otherwise provided)

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

Essential reasoning

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

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

The Group sells the rights over the goods produced by the producers in combination with its own value-added services. These services are advisory and know-how services (often governed and certified by our status as partners with manufacturers), ensuring that the solutions sold to customers meet their specific requirements and needs. These services are an integral and essential part of our obligations to our clients, because these services do not provide separate value to clients, and are not billed separately. The combination of qualified consulting services (pre- and post-sales) and the goods produced by the manufacturers is, in fact, what ensures the benefit to the customers, in the form of a solution tailored to their specific needs (e.g. providing various upgrade options and maximum flexibility) and legally compliant. Also, even after the conclusion of the contract, throughout the duration of the contract, the Group is the only point of contact and the sole responsible to the customer for any problems (in which case the Group's team solves the deficiencies and/or liaises with the manufacturer to remedy the problems that have occurred) or additional requirements (e.g. software upgrade).

Even if the IT equipment or software licenses sold by the Group are produced by other entities, the Group's promise to its customers is not to produce those goods, but to deliver them, and often also to perform additional activities such as installation, customization, combination, activation, configuration, optimization and maintenance during operation - these being key elements of the performance obligations assumed to customers. From the customer's perspective, the Group's promise represents a single performance obligation (i.e. the delivery of a customised and legally compliant solution) and the Group assumes the performance risk for the entire solution, which attests the Group's control over the products in the delivery flow. Regarding the delivery to the customer, this is performed by the Group – which takes actual possession of the goods (including the software activation keys) and transmits them to the final customer, along with the specific internal activation processes in the intended portals (processes performed by the Group team). Also, through the contracts concluded with manufacturers, the Group receives, according to its status as an authorized partner, the right to use the manufacturer's intellectual property, which is separate from the actual licenses sold to customers; as such, the Group controls the entire promise to the customer prior to delivery.

Although the Group does not normally have inventory risk prior to receiving the order from the customer, from that moment on, the Group takes over the inventory risk until the final transfer of control of the goods to the end customer. Even if by definition there is only one manufacturer for each type of equipment or software license sold to customers, the Group can decide to buy directly from the manufacturer, or from any other authorised supplier (distributor, importer, European whole-saler, global, etc.). If, for any reason, the delivery to the customer is not completed or it is not successful (according to the obligations undertaken

BITTNET SYSTEMS SA
ANNUAL FINANCIAL STATEMENTS for the financial year 2022
(all the amounts shall be expressed in RON, unless otherwise provided)

to the customer), the Group will remain in possession of the goods without being able to return them to the supplier or sell them to another customer. Also, in certain situations, the Group places advance orders with suppliers (i.e. before receiving the order from the customer) in order to secure volume discounts or to take advantage of good prices (thus voluntarily assuming inventory risk), and subsequently transfers goods to customers as they confirm their purchase intentions.

In conclusion, the Group makes customers a promise to deliver the goods, takes possession and control of them and sets the sale prices, in negotiation processes. The Group is free to agree prices with customers; thus, the Group may grant additional discounts, or request price increases to reflect currency risks, speed of delivery, risk of non-payment from the customer, etc. In other words, for customers, the Group is the supplier of the goods, even if they are produced by manufacturers and/or delivered by distributors, the Group being fully responsible for the proper delivery of agreed projects.

In addition, the Group bears the full credit risk for the entire value of the goods (hardware and software) – orders once placed with suppliers (either directly with the manufacturer or with authorised intermediaries) are non-refundable. In assessing the decision to initiate and/or continue business relations with customers, the Group only analyses the ability and intention/goodwill of customers to pay invoices on time. The Group has full control over the sales strategy, decides what goods and services to offer, deliver and ultimately implement/configure.

NOTE 8. SALES COST

The sales costs for the financial years 2021-2022 are presented in the following table:

	<u>2022</u>	<u>2021</u>
Selling cost of the goods IT solutions integration	70,551,177	28,295,104
Resold licenses	36,533,989	32,650,828
Other direct materials	550,054	237,354
Cloud services	5,364,091	5,491,123
Staff expenditure	14,862,581	5,005,674
Expenses with collaborators	8,427,193	4,862,242
Services provided by third parties	13,123,183	8,877,345
Total	149,412,267	85,419,670

BITTNET SYSTEMS SA
ANNUAL FINANCIAL STATEMENTS for the financial year 2022
(all the amounts shall be expressed in RON, unless otherwise provided)

NOTE 9. OTHER INCOME and OTHER EXPENDITURE

a) Other revenues

	2022	2021
Sale of Autodesk business	-	2,226,195
Debt restructuring CLC / ISEC	-	1,384,678
Sale of White Hat application	1,483,740	
Subsidies	697,349	259,318
Sale & lease-back IT equipment	1,232,366	71,392
Other revenues	68,003	145,503
Total	3,481,459	4,087,086

Sale of White Hat application

On 15.12.2022 the sale and purchase agreement was signed between Equatorial Training and Bluepoint IT Solutions, concerning the sale of the White Hat application. The contract price is EUR 300,000 and will be collected by Equatorial Training in 3 instalments until 2025.

Sale of Autodesk business

On 30.09.2021, the sale-purchase agreement was signed between Dendrio Solutions SRL and GRAPHEIN INTERNATIONAL SRL, regarding the transfer of the Autodesk business. The contract price amounts to EUR 450,000 and will be collected by Dendrio Solutions in 4 instalments until 2024. The contract provides for the transfer to the buyer (Graphein International) of Dendrio's business activity on the relationship with the American technology vendor Autodesk, meaning the transfer of ongoing contracts with customers, the transfer of knowledge, as well as Gold Partner status. The funds raised from this transaction will be reinvested in the development of the group's strategic business lines – cloud and cybersecurity – and potential future M&A transactions in these areas.

Debt restructuring of Computer Learning Center / ISEC Associates

In September, after the registration of the new shareholding structure of Computer Learning Center and ISEC Associates, the Group contacted the creditors of these companies to restructure their debts, taking into account the new financial position of the two companies that recently joined the Bittnet Group – concluding a payment agreement for each company.

Based on the two payment agreements, CLC and ISEC have committed to immediately pay 35% of the total amounts due in exchange for the full settlement of their historical debts, thus strengthening their financial position. In this respect, Bittnet granted a loan worth RON 560,000 to Computer Learning Center and RON 370,000 to ISEC Associates, funds with which the transfers were made to the creditors of CLC and ISEC, according to the agreements.

The one-off revenues generated by the two companies, Computer Learning Center and ISEC Associates, in September 2021, following the debt restructuring, have been adjusted as a result of the valuation exercise carried out with an independent valuer to determine the fair values at the date of acquisition for all

BITTNET SYSTEMS SA
ANNUAL FINANCIAL STATEMENTS for the financial year 2022
(all the amounts shall be expressed in RON, unless otherwise provided)

identifiable assets, liabilities and contingent liabilities of the acquired companies, values that were initially acknowledged in the consolidated financial position of the Group.

b) Other expenditure

	<u>2022</u>	<u>2021</u>
		corrected
Pre-acquisition costs of participating interests	1,650,821	1,552,402
Goodwill impairment	495,000	-
Total	<u>2,145,821</u>	<u>1,552,402</u>

Following a review of the principles of cost recognition in accordance with the provisions of IFRS 3, "Business Combinations", pre-acquisition costs of participating interests (specialised M&A consultancy, financial and legal due-diligence services, legal services, etc.) were fully recognised in the period in which the services were provided.

BITTNET SYSTEMS SA
ANNUAL FINANCIAL STATEMENTS for the financial year 2022
(all the amounts shall be expressed in RON, unless otherwise provided)

NOTE 10. SALES EXPENSES

The sales expenses for the financial years 2021-2022 are presented in the following table:

	<u>2022</u>	<u>2021</u>
Staff expenditure	5,060,654	2,787,996
Expenses with collaborators	6,177,884	4,588,165
Commissions and fees	445,727	364,209
Advertisement	2,109,066	1,806,910
Total	<u>13,793,331</u>	<u>9,547,280</u>

NOTE 11. GENERAL AND ADMINISTRATIVE EXPENSES

The administrative expenses for the financial years 2021-2022 are detailed in the following table:

	<u>2022</u>	<u>2021</u>
Materials	864,742	181,709
Staff expenditure	5,529,706	2,552,953
Provisions for unpaid holidays for employees	428,237	-
Expenses with collaborators	4,608,772	3,327,730
Amortization	4,424,982	2,388,267
Headquarters rent	539,265	315,136
Rental of equipment and machines	154,300	80,425
Travel and transportation	478,815	81,517
Insurance	254,900	165,673
Telecom and post expenditure	209,505	128,730
Donations	327,484	193,845
Receivables adjustments	198,849	46,258
Bank fees	189,398	115,231
Other third party services	4,766,804	2,301,778
Other expenditures	2,024,222	766,897
Total	<u>24,999,980</u>	<u>12,648,079</u>

BITTNET SYSTEMS SA
ANNUAL FINANCIAL STATEMENTS for the financial year 2022
(all the amounts shall be expressed in RON, unless otherwise provided)

NOTE 12. CLASSIFICATION OF EXPENSES BY THEIR NATURE

The classification of total operational expenses, by nature, for the financial years 2021-2022 is detailed in the following table:

	2022	2021
Materials and goods	71,965,973	28,714,167
Resold licenses	36,533,989	32,650,828
Staff expenditure	25,452,942	10,346,623
Provisions for unpaid holidays for employees	428,237	-
Expenses with collaborators	19,213,848	12,778,137
Amortization	4,424,982	2,388,267
Cloud services	5,364,091	5,491,123
Rent expenditure	693,565	395,561
Commissions and fees	445,727	364,209
Advertisement	2,109,066	1,806,910
Travel and transportation	478,815	81,517
Insurance	254,900	165,673
Telecom and post expenditure	209,505	128,730
Donations	327,484	193,845
Receivables adjustments	198,849	46,258
Bank fees	189,398	115,231
Services provided by third parties	17,889,987	11,181,053
Other expenditures	2,024,222	766,897
Total operating expenses	188,205,579	107,615,029

BITTNET SYSTEMS SA
ANNUAL FINANCIAL STATEMENTS for the financial year 2022
(all the amounts shall be expressed in RON, unless otherwise provided)

NOTE 13. FINANCIAL INCOME AND EXPENSES

Details of revenues and expenses for the financial years 2021-2022 are presented in the following table:

FINANCIAL INCOME	2022	2021
Interest income	90,607	103,643
Investment income	(522,105)	2,251,557
Income from valuation of securities	(2,888,985)	9,736,569
Total	(3,320,483)	12,091,769
 FINANCIAL EXPENSES	 2022	 2021
Bank interest	1,300,663	520,160
Factoring costs	1,344	19,285
Interest on issued bonds	2,302,049	2,499,875
Leasing interest	740,163	235,850
Net income/expenses exchange rate differences	(35,339)	(279,487)
Total	4,308,881	2,995,683

BITTNET SYSTEMS SA
ANNUAL FINANCIAL STATEMENTS for the financial year 2022
(all the amounts shall be expressed in RON, unless otherwise provided)

NOTE 14. TAX PROFIT

Details regarding the current and deferred tax profit for the financial years 2021-2022 are presented in the following table:

	<u>2022</u>	<u>2021</u>
		corrected
Current profit tax	1,095,107	1,231,616
Deferred tax	(1,075,051)	299,137
Total income tax	20,056	1,530,753
Micro-enterprise tax	103,344	50,763
Total tax	123,400	1,581,516

Income tax reconciliation

	<u>2022</u>	<u>2021</u>
GROSS INCOME	(2,069,186)	14,602,491
Legal reserve	(22,561)	(510,596)
Non-taxable income	(5,781,854)	(6,540,087)
Non-deductible expenses	9,385,531	3,594,432
TAXABLE INCOME	1,511,931	11,146,240
Income tax (16%)	241,909	1,745,103
Sponsorship discount	(221,853)	(214,350)
Total income tax	20,056	1,530,753

Deferred tax

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

BITTNET SYSTEMS SA
ANNUAL FINANCIAL STATEMENTS for the financial year 2022
(all the amounts shall be expressed in RON, unless otherwise provided)

NOTE 15. GOODWILL

Details on goodwill are presented in the following table:

	<u>31 Dec 2022</u>	<u>31 Dec 2021</u> corrected
Positive goodwill - DENDRIO	2,536,315	2,536,315
Positive goodwill ELIAN	348,385	348,385
Positive goodwill - CRESCENDO	14,816,943	14,816,943
Positive goodwill - EQUATORIAL	2,886,334	3,381,334
Positive goodwill - CLC	2,756,124	2,756,124
Positive goodwill - ISEC ASSOCIATES	1,016,504	1,016,504
Positive goodwill - IT PREPARED	3,395,739	2,445,888
Positive goodwill - NENOS & NONLINEAR	4,688,289	4,688,289
Positive goodwill GRX	8,781,392	8,781,392
Positive goodwill - TOP TECH	11,470,235	-
Positive goodwill - 2NET COMPUTER	4,831,931	-
Total	<u>57,528,189</u>	<u>40,771,174</u>

Goodwill calculation:

	Cost of acquisition	Net assets at fair value	% shareholding upon purchase	Goodwill impairment	Goodwill
Dendrio Solutions	2,266,254	(270,061)	100%	-	2,536,315
Elian Solutions	510,000	316,768	51.02%	-	348,385
Crescendo	16,350,000	1,533,057	100%	-	14,816,943
Equatorial Gaming	4,646,000	1,277,570	98.99%	495,000	2,886,333
Computer Learning Center	725,000	(2,031,124)	100%	-	2,756,124
ISEC Associates	295,000	(1,030,838)	69.992%	-	1,016,504
IT Prepared	3,746,162	698,055	50.2%	-	3,395,739
Nenos Software & Nonlinear	4,850,120	266,344	60.97%	-	4,688,289
Global Resolution Experts	9,264,000	669,238	60%	-	8,781,392
Top Tech	12,874,307	1,404,072	100%	-	11,470,235
2Net Computer	5,241,931	410,001	100%	-	4,831,931
TOTAL					<u>57,528,189</u>

BITTNET SYSTEMS SA
ANNUAL FINANCIAL STATEMENTS for the financial year 2022
(all the amounts shall be expressed in RON, unless otherwise provided)

Goodwill recognition

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

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

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

Based on the final financial results of 31.12.2019, the value of the additional remuneration was 1 X EBITDA adjusted average achieved by the IT&C integration activity before its transfer to the Beneficiary, namely RON 5.45 million. Consequently, the goodwill for this transaction increased from 9.37 million RON to 14.82 million RON.

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

In November 2020, Bittnet shareholders approved the purchase of a number of registered shares representing 60.3665% of the share capital of Equatorial Gaming SA. The transaction price was set at the amount of RON 2,546,000 and, according to the GMS Resolution, was partially settled in cash as well as in the form of BNET shares. During the same meeting, the Board of Directors was mandated to determine the percentage between the two settlement methods. Following these operations, Bittnet Systems reached a 98.99% holding in the share capital of Equatorial Gaming SA.

BITTNET SYSTEMS SA
ANNUAL FINANCIAL STATEMENTS for the financial year 2022
(all the amounts shall be expressed in RON, unless otherwise provided)

For the acquisitions completed in August 2021 (Computer Learning Center, ISEC Associates, IT Prepared, Nenos Software & Nonlinear), December 2021 (Global Resolution Experts and GRX Advisory) and September 2022 (Top Tech and 2Net Computer) respectively, the Group carried out a valuation exercise together with an independent valuer to determine the fair values at the acquisition date for all identifiable assets, liabilities and contingent liabilities of the acquired companies, values which were initially recognised in the Group's consolidated statement of financial position.

Goodwill was tested for impairment at the end of the financial year.

BITTNET SYSTEMS SA
ANNUAL FINANCIAL STATEMENTS for the financial year 2022
(all the amounts shall be expressed in RON, unless otherwise provided)

NOTE 16. OTHER INTANGIBLE ASSETS

Intangible assets include mainly Bittnet Brand and software licenses.

	Brands	Licenses and other intangible assets	Total other intangible assets
Net value			
On 31/12/2020	6,450,518	2,370,442	8,820,959
Inputs	-	1,465,047	1,465,047
Assignments/Transfers	-	-	-
Amortization	-	(1,066,639)	(1,066,639)
On 31/12/2021	6,450,518	2,768,850	9,219,368
Inputs	(10,162)	2,287,403	2,277,241
Assignments/Transfers	-	(1,249,201)	(1,249,201)
Amortization	-	(1,170,407)	(1,170,407)
On 31/12/2022	6,440,355	2,636,645	9,077,001

Essential Reasons - Bittnet Brand (Recognition, Evaluation, Registration)

Bittnet brand

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

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

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

Debt remission transaction registration

The debt from the acquisition of the trademark was remitted to the founders of the company, Mihai and Cristian Logofatu, subsequently paid by transferring some assets from the personal assets of the founders to the seller of the trademark.

The management analysed the debt remittance transaction and concluded that it represents an income and not a capital operation. The transaction was made with the founders of Bittnet Systems as managers, considering the founders' commitment to minority shareholders to bear in their own name the cost for

BITTNET SYSTEMS SA
ANNUAL FINANCIAL STATEMENTS for the financial year 2022
(all the amounts shall be expressed in RON, unless otherwise provided)

acquiring the brand, thus correcting the error in the past of not being diligent enough to register the brand at State Office for Inventions and Trademarks. The income resulted from debt remittance amounting to 5,786,000 was recognized in the financial year 2018 in the Statement of comprehensive result on the line "Other income".

Equatorial brand

The Equatorial trademark was added as a capital contribution in kind to the capital of Equatorial Gaming by the shareholder Berteanu Daniel in August 2020, at a price equivalent to the value assessed by an independent appraiser. The valuation was carried out using the Discounted Cash Flow (DCF) method, taking as a reference a royalty of 4% of the turnover from the training activity, a rate that is comparable to market conditions.

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

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

Essential reasoning – indefinite life span

The trademarks were acquired in a business combination and are the only ones allocated to the business. It has been established that it has an indefinite life span because there is no intention to abandon the brand name. The Group has the ability to maintain the value of the brand indefinitely. Thus, the trademark is not paid off, but it is tested annually for impairment. As brands do not generate largely independent cash inflows, they are allocated to the Group's CGUs for goodwill impairment testing as part of the assets of the business.

BITTNET SYSTEMS SA
ANNUAL FINANCIAL STATEMENTS for the financial year 2022
(all the amounts shall be expressed in RON, unless otherwise provided)

NOTE 17. TANGIBLE ASSETS

Tangible assets mainly include office space layouts and equipment necessary for operational activities. Movements within tangible assets are presented in the table below.

	Leased spaces and fittings	Technical installations and machinery	Other equipment and furniture	Total fixed assets
Cost				
On 31/12/2020	5,167,695	4,095,450	201,703	9,464,848
Leasing inputs	199,271	771,471	7,280	978,022
Inputs	157,437	264,723	68,035	490,194
Assignment/Transfer	(5,167,695)	(704,762)	-	(5,872,457)
On 31/12/2021	356,708	4,426,882	277,018	5,060,607
Leasing inputs	20,970,488	5,167,289	-	26,137,778
Inputs	2,858,834	283,944	872,750	4,015,529
Assignment/Transfer	(537,362)	(918,943)	(12,208)	(1,468,513)
On 31/12/2022	23,648,668	8,959,172	1,137,560	33,745,401
Amortization				
On 31/12/2020	1,871,385	2,011,213	138,826	4,021,424
Cost of the period	381,727	674,759	49,509	1,105,996
Assignment/Transfer	(2,253,112)	(166,214)	-	(2,419,326)
On 31/12/2021	-	2,519,758	188,336	2,708,093
Cost of the period	1,910,046	2,106,195	112,403	4,128,644
Assignment/Transfer	11,295	(898,595)	(12,504)	(899,804)
On 31/12/2022	1,921,341	3,727,358	288,235	5,936,933
Net value				
On 31/12/2022	21,727,327	5,231,814	849,326	27,808,467
On 31/12/2021	356,708	1,907,124	88,682	2,352,514
On 31/12/2020	3,296,310	2,084,238	62,876	5,443,424

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

BITTNET SYSTEMS SA
ANNUAL FINANCIAL STATEMENTS for the financial year 2022
(all the amounts shall be expressed in RON, unless otherwise provided)

NOTE 18. SECURITIES

a) Investments accounted for using the equity method

	<u>31 Dec 2022</u>	<u>31 Dec 2021</u>
E-Learning Company	2,919,939	1,996,840
Total	<u>2,919,939</u>	<u>1,996,840</u>

The E-Learning Company

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

b) Other financial assets (securities) at fair value

	<u>31 Dec 2022</u>	<u>31 Dec 2021</u>
Softbinator Technologies	12,308,834	15,270,453
Safetech Innovations	-	632,560
Arctic Stream	1,481,550	1,791,601
Chromosome Dynamics	-	225,270
Total	<u>13,790,384</u>	<u>17,919,885</u>

Softbinator Technologies

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

Softbinator is a product development company, specializing in the design, development and market launch of software products with a focus on Fintech, MedTech/HealthTech and EdTech for customers in Europe, North America and Asia.

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

Softbinator Technologies share listing (trading symbol: CODE)

At the end of August 2021, Softbinator Technologies announced its intention to list on the AeRO market of the Bucharest Stock Exchange (under the trading symbol CODE) by the end of the year. Prior to the listing, Softbinator Technologies also announced its intention to conduct a private placement to raise capital to scale up the company internationally.

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

BITTNET SYSTEMS SA
ANNUAL FINANCIAL STATEMENTS for the financial year 2022
(all the amounts shall be expressed in RON, unless otherwise provided)

a) Convening of the General Meeting of Shareholders

The shareholders of Softbinator Technologies decided on 09.09.2021 to lower the nominal value of one Softbinator Technologies share from RON 1 per instrument to RON 0.1 per instrument. As a result of the reduction/split of the nominal value, new shares were issued to existing shareholders in a ratio of 9:1 (nine new shares issued for each share held at the record date).

Following this transaction, Bittnet Systems held a total of 225,000 shares, representing 25% of the 900,000 issued shares of Softbinator Technologies.

b) Increase of the share capital by RON 10,000

The shareholders of Softbinator Technologies decided on 09.09.2021 to increase the share capital by the amount of RON 10,000, which was allocated from the retained earnings, by issuing 100,000 shares with a nominal value of RON 0.1. The shares were allocated in proportion to the holdings of each shareholder. As a result of the increase, the share capital of Softbinator Technologies reached a subscribed and paid-up capital worth RON 100,000, divided into 1,000,000 shares, while the shareholder Bittnet Systems was allocated 25,000 new shares free of charge, with a nominal value of RON 0.1 per share and a total nominal value of RON 2,500.

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

c) Assignment of newly issued shares as treasury shares

The shareholders of Softbinator Technologies unanimously resolved on 09.09.2021 that 10% of the total number of shares held, i.e. all the shares issued and allotted as a result of the capital increase operation described above, be made available to Softbinator Technologies as treasury shares for the purpose of trading in the private placement. In this respect, the shareholder Bittnet Systems has transferred to the treasury of Softbinator Technologies a number of 25,000 CODE shares at a nominal value of RON 0.1 per share, for which it received the equivalent amount of RON 2,500 – nominal value.

Following this operation, Bittnet Systems held a total of 225,000 shares, representing 22.5% of the total shares of Softbinator Technologies, and 25% of the voting and profit-sharing rights, taking into account that treasury shares do not have voting rights and cannot receive dividends.

d) Transfer of Softbinator shares

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

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

e) Private placement performance

Within the framework of the private placement a total of 100,000 CODE shares, i.e. 10% of the company's share capital (shares transferred by Softbinator Technologies shareholders to the company's treasury as described above), were offered to investors at a price between RON 50 and 60 per share. A total of 143 individual and professional investors participated in the placement, and the offering closed early on the first

BITTNET SYSTEMS SA
ANNUAL FINANCIAL STATEMENTS for the financial year 2022
(all the amounts shall be expressed in RON, unless otherwise provided)

day, amid an oversubscription of almost 8 times, with investors placing orders for a total amount of over RON 49 million. The final price per share was set at the maximum value of the offer, i.e. RON 60. Following the processing of the transaction, Softbinator attracted a cash contribution of RON 6 million. Softbinator shares will be available for trading in the coming period under the symbol CODE.

Essential reasoning – Reclassification of Softbinator Technologies investment from equity securities to fair value through profit and loss account

Following the operations described above, the Bittnet Group has reviewed the classification of the investment in Softbinator Technologies as at 30.09.2021.

Thus, taking into account the fact that at the time of Bittnet's investment in Softbinator, one of the essential elements of the operational construction was Bittnet's access to the capital market to support Softbinator's development projects, and that this differentiating element disappeared with Softbinator's direct access to the capital market through the private placement with CODE shares, the Group's management took the decision to give up its involvement in the management of Softbinator Technologies' business. Otherwise, the 188,980 shares held on 30.09.2021, representing 18.898% of Softbinator Technologies' capital, will remain in the Group's portfolio for sale. In addition, in December 2021 the Group also formally relinquished its position on the Board of Directors of Softbinator Technologies through Ivylon Management.

The Group has examined in the framework of the provisions of IAS 28, Article 6 a)-e), the criteria for exercising significant influence over entities in which there is an ownership, concluding the following:

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

As such, the Group's Management has concluded that it no longer exerts nor intends to exert significant influence over Softbinator Technologies as of 30.09.2021. As such, the Group has decided to reclassify the remaining holding in Softbinator Technologies as at 30.09.2021 from equity securities to securities held at fair value.

As of 31.12.2021, the investment in Softbinator Technologies shares was revalued using the average trading price on the AeRO market as at 31.12.2021.

Safetech Innovations

The assessment at fair value

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

BITTNET SYSTEMS SA
ANNUAL FINANCIAL STATEMENTS for the financial year 2022
(all the amounts shall be expressed in RON, unless otherwise provided)

investment by entering Safetech's shareholding in a percentage relevant to Bittnet and to treat the investment in the same way as the other investment in the Group.

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

In January 2021, Safetech shares were listed on the AeRO-SMT market under the SAFE trading symbol, at a price approximately 400% higher than that of the private placement.

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

During the first quarter of 2022, the Group liquidated the remaining position it still held in Safetech Innovations, so that at the end of the reporting period the Group no longer held any SAFE shares in its portfolio.

Arctic Stream

The assessment at fair value

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

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

On July 29, 2021, the AST shares entered into trading on the AeRO market at a price approximately 40% higher than the one from the private placement.

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

Chromosome Dynamics

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

BITTNET SYSTEMS SA
ANNUAL FINANCIAL STATEMENTS for the financial year 2022
(all the amounts shall be expressed in RON, unless otherwise provided)

Subsequently Chromosome Dynamics conducted a private placement of shares with a view to listing on the AeRO-SMT market of the Bucharest Stock Exchange closed early. In the quotation, a number of 111,929 CHRD shares were issued, with a total value of RON 3,357,870, at a price of RON 30. The quotation reached the threshold of success, being supplemented by another RON 882,870. The transaction date was 04.10.2021, the settlement taking place in 06.10.2021 via the Central Depository System. Following the private placement Bittnet Systems holds 1.22% of CHRD shares and voting rights.

Chromosome Dynamics develops solutions oriented to the needs of farmers for process technology. CHRD is the developer of the application AGROBAZAR APP, which models the process of consultancy-sale-purchase in agribusiness, representing a one stop shop for farmers in Romania. The application provides farmers with consultancy in agribusiness, agricultural machinery and inputs – seeds, pesticides, fertilizers with over 10,000 active users so far. Under the investment agreement, Bittnet Group will have first option to deliver technology projects alongside CHRD.

As of 31.12.2021, the investment in CHRD shares was revalued by reference to the price per share of the anticipated closed private placement.

The CHRD shares were admitted to trading on 05.05.2022 on the AeRO-SMT market of the BVB.

During the third quarter of 2022, the Group liquidated the position it held in Chromosome Dynamics, so that at the end of the reporting period the Group no longer held CHRD shares in its portfolio.

NOTE 19. INVENTORY

Details of stocks are presented in the following table:

	31 Dec 2022	31 Dec 2021
	<hr/>	<hr/>
Materials	88,947	141,505
Goods	2,689,027	1,043,457
	<hr/>	<hr/>
Total	2,777,973	1,184,962

BITTNET SYSTEMS SA
ANNUAL FINANCIAL STATEMENTS for the financial year 2022
(all the amounts shall be expressed in RON, unless otherwise provided)

NOTE 20. TRADE RECEIVABLES AND OTHER RECEIVABLES

Trade receivables and other receivables are presented in the following table:

	31 Dec 2022	31 Dec 2021
		corrected
Customer receivables	55,041,420	27,997,784
Adjustments for customer receivables	(413,256)	(146,675)
Contractual assets	446,206	896,235
Related party loans (Note 27)	-	261,304
Subsidies	791,144	34,456
Warranties	506,957	111,440
Other receivables	4,240,016	3,289,734
Total	60,612,486	32,444,367
Advances to suppliers	128,926	159,328
Prepaid expenses	1,456,194	963,829
Receivables from the state budget	925,951	500,953
Total, of which:	63,123,557	34,068,477
Fixed assets	2,426,167	2,041,467
Current assets	60,697,390	32,027,010

The 'Other receivables' position as at 31.12.2022, amounting to RON 4,240,016, mainly consists of: receivable Bluepoint IT Solutions sale of White Hat application worth RON 1,765,651; receivable related to Graphein sale of Autodesk business worth RON 1,489,211; interim dividends Q3 2022 minority shareholders IT Prepared RON 846,600 (2021: RON 3,907,661, mainly consists of: receivable related to Graphein sale of Autodesk business RON 2,226,654 (Note 9); receivable related to sale of GRX stake worth RON 359,976).

Statement of customers' net receivables per seniority:

	31 Dec 2022	31 Dec 2021
Not due	48,036,085	19,934,444
0-30	4,794,759	1,379,539
31-90	1,412,352	3,046,270
91-360	373,470	3,360,491
over 360	47,151	130,365
Total	54,628,163	27,851,109

BITTNET SYSTEMS SA
ANNUAL FINANCIAL STATEMENTS for the financial year 2022
(all the amounts shall be expressed in RON, unless otherwise provided)

Reconciliation of customer receivables adjustments:

	<u>2022</u>	<u>2021</u>
1 January	146,675	163,918
Adjustments during the period	275,672	24,327
Cancellation of receivables	-	-
Resume adjustments	(9,181)	(41,570)
	<u> </u>	<u> </u>
31 December	413,256	146,675

Significant estimates

Impairment adjustments for trade and other receivables are recognized on the basis of the simplified approach in IFRS 9. In this process, the probability of non-payment of trade receivables is assessed, based on historical experience regarding the non-payment risk. The experience of the previous years has shown that the risk of non-collection is low, with no significant losses in recent years. However, management has estimated and recorded adjustments to the balance of receivables outstanding at the end of 2021 as follows: Bittnet – 1%; Dendrio – 0.5%; Elian – 1%; Equatorial Gaming – 0.5%; and IT Prepared – 0.5%. At the end of 2022, the management estimated and recorded adjustments to the balance of uncollected receivables, as follows: Bittnet – 0.5%; Dendrio – 0.5%; Elian – 5%; Equatorial Gaming – 10%; IT Prepared – 0.5%; Nenos Software 0.5%.

NOTE 21. CASH SI CASH EQUIVALENTS

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

	<u>31 Dec 2022</u>	<u>31 Dec 2021</u>
Bank in RON	27,607,614	15,044,104
Bank in RON - collateral cash	2,202,968	2,447,440
Bank in foreign currency	12,419,200	5,891,775
Cash in Cash Register	70,582	19,878
	<u> </u>	<u> </u>
Total	42,300,365	23,403,197

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

BITTNET SYSTEMS SA
ANNUAL FINANCIAL STATEMENTS for the financial year 2022
(all the amounts shall be expressed in RON, unless otherwise provided)

NOTE 22. CAPITAL AND RESERVES

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

	31 Dec 2022	31 Dec 2021
		corrected
Share capital	52,848,060	48,043,690
Issue premiums	9,738,583	14,542,953
Other equity items	(11,390,433)	(19,082,504)
Legal reserves	1,324,823	1,114,139
Reported result	6,508,677	(5,599,890)
Current comprehensive income	(5,358,890)	12,319,251
Total	53,670,822	51,337,639

a) Share capital

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

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

Shareholders and % held	31 Dec 2022	31 Dec 2021
Mihai Logofatu	10.85%	12.05%
Cristian Logofatu	10.14%	11.13%
Others	79.01%	76.82%
Total	100%	100%

Increase of share capital by reserves incorporation – July 2022

The share capital was increased by the amount of RON 4,804,369.10 lei by incorporating issuance premiums and issuing a number of shares free of charge for the benefit of the shareholders as of the record date (1 bonus share for every 10 shares held), pursuant to EGMS Resolution no. 2 of April 2022 and the additional opting procedure. Shareholders on the record date – 21 July 2022 – could opt online, between 29 July and 4 August, to leave these new shares at the Company's disposal for use in the incentive programmes for key persons approved in previous years by the GMS, in which case they would receive a cash distribution of RON 0.15 per 10 shares held on the record date.

During the option period the Issuer received a total of 234 options from 234 shareholders representing a total of 205,693,904 voting rights, i.e. 43.34% of the total voting rights of the Issuer. From the expressed

BITTNET SYSTEMS SA
ANNUAL FINANCIAL STATEMENTS for the financial year 2022
(all the amounts shall be expressed in RON, unless otherwise provided)

options, 105 shareholders representing 175,297,189 voting rights, i.e. 36.93% of the total voting rights opted for OPTION 1 – ie for cash distribution and leaving the newly issued shares at the disposal of the company. The Company will distribute to these shareholders the amount of RON 2,629,453.80 starting from September 12, 2022, through the Central Depository system, with Banca Transilvania as paying agent.

The Central Depository has allotted, on 12.08.2022, the shares in Section 1 to the shareholders as of the record date who have opted other than for cash distribution or have not taken any option steps during the option period. At the same time, the Central Depository shall upload to the Issuer's account a number of 17,529,692 treasury shares.

Following this operation, the subscribed and paid-up share capital of Bittnet, registered in the records of the Commercial Registry, ASF and Central Depository, is RON 52,848,059.5, divided into 528,480,595 BNET shares, each with a nominal value of RON 0.1.

Increase of share capital by reserves incorporation – July 2021

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

Additionally, the share capital of Bittnet Systems was increased by issuing a number of shares free of charge for the benefit of the shareholders from the registration date (1 free share to 10 owned), according to the Decision No. 3 of the General Meeting of Shareholders of April 2021 and the Decision of the Board of Directors dated July 6, 2021.

For the actions from point 2, the shareholders from the registration date – July 21, 2021 – could opt online, between July 26 and August 3, to leave these new shares at the disposal of the Company to be used in the incentive programs for key persons, approved by the GMS, in this case collecting a cash distribution equal to the nominal value of the newly issued shares.

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

On 10.09.2021, the Central Depository allocated the shares in Section 1 to the shareholders as of the record date who opted other than for cash distribution or did not take any action during the option period. At the same time, the Central Depository shall upload to the Issuer's account a number of 16,261,096 treasury shares.

In connection with the operations of increasing the share capital presented above, the Board of Directors (BD) issued a Decision on July 6, 2021 which established the keeping of the allocation report of 7 free shares

BITTNET SYSTEMS SA
ANNUAL FINANCIAL STATEMENTS for the financial year 2022
(all the amounts shall be expressed in RON, unless otherwise provided)

to 10 held on the registration date according to the mandate granted by the General Meeting of Shareholders of April 27, 2021 by the EGMS Decisions no. 2 and 3. This decision was necessary given that at the date of the GMS, the coordinates of the capital increase with free shares were applied to the entire share capital registered at that time in the records of the Trade Register (ReCom) – RON 28,260,994.30, i.e. 282,609,943 shares – values resulting from the processing of the capital increase operations decided in August 2020 and December 2020 and registered at ReCom since the end of 2020.

In this respect, in order not to disadvantage any of the shareholders from the registration date (July 21, 2021), nor the creditors from the two capital increase operations, in order for them to receive the rights resulting from the holdings of BNET shares on the date of payment of the new shares, the Board of Directors decided, according to the mandate offered by the two EGMS Decisions, to keep the increase report established by EGMS, but applied for the number of shares registered with FSA and the Central Depository (247,228,275 shares). The Decision of the Board of Directors of July 6, 2021 was issued according to the mandate given to the Board of Directors of Shareholders in the EGMS of April 27, 2021.

Therefore, in the first phase, a number of 148,336,965 shares were issued (according to the Decision of the General Meeting of Shareholders No. 2/April 27, 2021) which were distributed to all the shareholders from the registration date, July 21, 2021, proportional to the holdings and to the decision of the EGMS (6 free shares to 10 held on the date of registration). The difference of 21,229,001 shares, up to a total of 169,565,966 shares, was allocated to the entitled persons by the Central Depository given that ASF issued the registration certificate.

The same principle was applied to the capital increase decided by the Extraordinary General Meeting of April 27, 2021, at point 3, noting that those creditors who are shareholders at the registration date, 21 July 2021, will be able to opt to leave the newly issued share at the disposal of the Company and receive in exchange its nominal value. As such, in the first phase, a number of 24,722,828 shares will be issued, proportional to the holdings of all shareholders from the registration date and according to the allocation report established by EGMS: 1 free share for each 10 shares, for which it was possible to opt for the cash distribution of the nominal value or for allotment in the Depository. The difference of 3,538,167 shares, up to a total of 28,260,995 shares, resulting from the application of the increase ratio on the entire capital registered in the records of the Trade Register, was allocated to the entitled persons by the Central Depository in view of the fact that the ASF issued the registration certificate.

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

Share capital increase new contributions - February - March 2021

Between January and March 2021, the offer period took place within the capital increase with new cash contributions approved by the EGMS Decision no. 4 of April 29, 2020. Thus, in Phase 1 – carried out between January 27 and February 25, 2021 - 17,359,142 new shares (95.49% of the total) were subscribed at the price of RON 0.59 per share. The price provided in the offer (composed of the nominal value plus the issue premium) was determined according to the EGMS Decision and the formula approved by it for the issue premium: $[(\text{average trading price last 30 days}) / 1,2] - 0,1$.

BITTNET SYSTEMS SA
ANNUAL FINANCIAL STATEMENTS for the financial year 2022
(all the amounts shall be expressed in RON, unless otherwise provided)

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

During the two phases of the capital increase operation, the 18,178,550 new shares were subscribed, i.e. 100% of the issue, the Company raising a financing amounting to RON 10,733,538.58. Following the subscriptions of the 18,178,550 new shares were allocated in the subscribers' accounts a number of allocation rights (symbol BNETRo9) equal to the total number of subscribed shares. The allocation rights entered into Trading within the BVB Regulated Market starting with April 10, 2021 after receiving the CIIF and their registration in the FSA records as financial instruments.

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

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

b) Issue premiums

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

c) Legal reserve

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

d) Other equity items

Essential reasoning – recognition and assessment of SOP

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

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

As a result, although at an intermediate stage the "debt" regarding the settlement of the SOP is assessed, the economic substance of the transaction is that they are settled in shares. Therefore, the Group

BITTNET SYSTEMS SA
ANNUAL FINANCIAL STATEMENTS for the financial year 2022
(all the amounts shall be expressed in RON, unless otherwise provided)

recognized SOP transactions as settled in shares, and recognized and assessed the services received in the Statement of comprehensive income and the corresponding increase directly in equity.

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

Significant estimates - SOP evaluation

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

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

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

SOP 2019

By the Decision of the General Meeting of Shareholders No. 4 of 24 April 2019, the shareholders of the Company voted an incentive plan with options for key persons with a duration of 2 years, amounting to maximum 5% of the total shares of the Company. The maturity of the options was in May-June 2021, so that the key persons included in SOP2019 had the right (not the obligation) to purchase shares of the Issuer at the price related to the stock market capitalization on 31 December 2018.

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

The settlement method of the incentive program with options in this way is a premiere and could be implemented as such due to the treasury shares loaded into the Company's account in December 2020. These actions were acquired by the Issuer following the implementation of the Decision of the General Meeting of Shareholders No. 3 of April 2020 and the special opt-in procedure carried out in the summer of last year. By this, the shareholders from the registration date July 21, 2020 could choose to receive the nominal value of the newly issued share and thus leave the share at the disposal of the Issuer for the implementation of the incentive programs for key persons.

SOP2020A & SOP2020B – “SOP2020”

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

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

BITTNET SYSTEMS SA
ANNUAL FINANCIAL STATEMENTS for the financial year 2022
(all the amounts shall be expressed in RON, unless otherwise provided)

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

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

Under this incentive plan, 24 key persons notified the Company of the purchase of a total number of 40,428,754 BNET shares pursuant to the option contracts entered into under the incentive plans "SOP2020A" and "SOP2020B" approved by the aforementioned AGEA resolutions, hereinafter cumulatively referred to as "SOP2020".

The strike price of the options under SOP2020 was calculated, according to the approved incentive plans, taking as reference the market capitalization as of 31.12.2019 for SOP2020A, i.e. the value of RON 113,000,000, namely the market capitalization as of 21.04.2020, for SOP2020B, i.e. the value of RON 101,445,399. Thus, the resulting strike price is RON 0.235203/share for SOP2020A and RON 0.211152/share for SOP2020B.

Considering that the amounts of money that should have been paid by the key persons to the company on account of the shares acquired under SOP2020 through the options' strike price could have been paid by various methods, one of these being the sale on the market of a portion representing the equivalent of approximately 65% of the shares subject to SOP2020, and this additional volume could have thrown off the balance between supply and demand, the Group's management has decided that the 24 key persons will be paid in shares the economic value of the options under the incentive programme, i.e. 26,020,845 shares. The economic value of the option is the difference between the market price and the purchase price in the SOP (strike price of the option), multiplied by the number of options. The total number of shares was calculated by dividing the economic value of the option by the price of RON 0.34 per share (the price approved by the GMS for the implementation of a buyback programme).

The allocation of shares representing the economic value of the option was made without the need for a cash consideration from the key persons. Thus, the 24 key persons were settled a total of 26,020,845 BNET shares, transferred by the Central Depository from the Issuer's treasury shares.

SOP 2021

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

SOP 2022

By EGMS Decision no. 7 dated April 20, 2022, the Company's shareholders voted a stock option plan for key persons with a duration of 2 years, amounting to a maximum of 5% of the Company's total shares.

BITTNET SYSTEMS SA
ANNUAL FINANCIAL STATEMENTS for the financial year 2022
(all the amounts shall be expressed in RON, unless otherwise provided)

NOTE 23. BONDS

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

	31 Dec 2022	31 Dec 2021
BNET23	4,690,017	4,661,869
BNET23A	9,639,901	9,540,798
BNET23C	9,991,667	9,841,667
BNET26E	9,609,806	-
Accrued interest	872,768	872,768
Total, of which:	34,804,159	24,917,101
Long-term share	9,609,806	24,044,334
Short-term part (interest)	25,194,352	872,768

In 2016, 2017, 2018 and 2022, the Group carried out bond offerings maturing in 2019, 2022, 2023 and 2026, through which it obtained 'committed' financing of over RON 40 million from the capital market (all issues are listed on the BVB).

BNET23

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

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

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

BNET23A

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

BNET23A bonds have a maturity of 5 years, a fixed interest rate of 9% per year, payable semi-annually and the allocation date was 28 December 2018. The Group used the amounts attracted within the BNET23A issue to finance the IT&C business transfer from Crescendo International SRL and its integration into the

BITTNET SYSTEMS SA
ANNUAL FINANCIAL STATEMENTS for the financial year 2022
(all the amounts shall be expressed in RON, unless otherwise provided)

Bittnet Group structure, as approved by the Extraordinary General Meeting of Shareholders on 17 December 2018 and the investment contract described in the Current Report 22/15.10.2018.

The NBET23A bond issue entered into trading on the ATS-Bond market of the Bucharest Stock Exchange on February 18, 2019.

BNET23C

Between 14 and 18 January 2019, the company carried out a private investment by which it carried out the 5th bond issuance - BNET23C, by which it attracted subscriptions in the total amount of RON 10,000,000, which represents 100,000 bonds, the maximum value of the BNET23C issue, in accordance with the Decision of the Sole Administrator and the Tender Document and according to the Extraordinary General Meeting of Shareholders Decision of 25 April 2018. BNET23C bonds are nominative, dematerialized, corporate, non-convertible and unsecured. BNET23C bonds have a nominal value of RON 100, a maturity of 4 years, and a fixed interest of 9% per year, payable semi-annually. The syndicate of intermediation for sale consisted of S.S.I.F. Tradeville S.A. and S.S.I.F. Goldring S.A. The investment attracted was used to finance the working capital and the ongoing activities of the Bittnet Group. The BNET23C bonds were tradable on the AeRO market from 17.04.2019 until their redemption at maturity on 12.01.2023.

BNET26E

From 21 to 27 December 2022, the issuer conducted a offer for sale through private placement of a corporate bond issue, denominated in EUR, under which 20,596 bonds were subscribed by 53 individual, legal and professional investors. The amount raised in this bond round is EUR 1,961,144. The nominal value of the instrument is EUR 100/bond and the total amount of the issue is EUR 2,059,600. The annual coupon is 9% and will be paid quarterly via the T2S mechanism and to the Central Depository. Redemption of the nominal amount shall be done at 3.5 years and will take place on 30.06.2026. BNET26E bonds are traded on the BVB Reregulated Market, category dedicated to corporate bonds, starting 07.03.2023.

BITTNET SYSTEMS SA
ANNUAL FINANCIAL STATEMENTS for the financial year 2022
(all the amounts shall be expressed in RON, unless otherwise provided)

NOTE 24. BANK LOANS

Details regarding bank loans are presented in the following table:

	31 Dec 2022	31 Dec 2021
ProCredit credits TL (BNET & DEND)	1,795,128	4,400,494
ProCredit line 4.5 mil. (DEND)	4,500,000	4,449,384
BT credit investments (DEND)	9,621,839	-
BT line 1.6 mil. EUR (DEND)	4,620,807	-
ING line 2 mil. (DEND)	-	1,080,099
Raiffeisen IMM invest (EQG)	93,360	280,080
Raiffeisen IMM Invest (2NET)	1,822,660	-
BRD IMM Invest (TT)	2,711,107	-
Total, of which:	25,164,901	10,210,058
Long-term share	11,166,109	6,327,926
Short-term share	13,998,791	3,882,132

The group's bank lending structure is mainly made up of revolving overdrafts aimed at short-term financing of specific projects. On the date of this report, the Group has loans and overdrafts to finance current activity with ProCredit Bank, Banca Transilvania, ING Bank, Unicredit Bank, BRD and Raiffeisen as well as an investment loan contracted with Banca Transilvania. This product was signed for the financing of the two share acquisition transactions Top Tech SRL and 2Net Computer SRL.

The two companies recently acquired by the Group have at their disposal for the financing of their current activity bank credit lines contracted from BRD (TopTech) and Raiffeisen (2NET Computer) including through the governmental program IMM Invest.

ProCredit Bank

In February 2020, Bittnet Systems converted the loan product amounting to RON 2,790,000 also contracted with ProCredit Bank from a revolving overdraft into a loan with monthly repayments of principal and interest. The new maturity of the loan was set for a period of 36 months and the interest rate remained unchanged, ROBOR 3M + 2.5%.

Also, in December 2020, the Group informed shareholders about the signing by Dendrio Solutions of a bank loan agreement by with ProCredit Bank. The total amount of the facility is RON 5,000,000 and the purpose of the loan is to finance Dendrio Solutions' working capital and current activities. The maturity of the product is 36 months and the interest rate is ROBOR 3M + 3% per year. The collateral for this loan product was: cash collateral deposit for 10% of the facility amount.

On July 23, 2021, the Addendum for the extension of the credit line – revolving overdraft amounting to Ron 4.5 million – contracted by Dendrio Solutions from ProCredit Bank in July 2019 was signed. The extension was made for a period of 24 months and under the same conditions with the initial credit agreement. The

BITTNET SYSTEMS SA
ANNUAL FINANCIAL STATEMENTS for the financial year 2022
(all the amounts shall be expressed in RON, unless otherwise provided)

interest rate remained ROBOR_{3M} + 2.4% p.a., and the destination of the product is to finance the working capital and the current activity of Dendrio Solutions.

ING Bank

In November 2018, the Group concluded an overdraft revolving financing contract with ING Bank Amsterdam, Bucharest Branch worth 2,000,000 RON, with an interest rate of ROBOR_{1M}+2.9% per year and a maturity of 1 year, with the possibility to extend it. The loan will be used to finance the working capital and current activity of Dendrio Solutions SRL. The facility is available to Dendrio Solutions for financing working capital and current activities.

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

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

On August 16, 2021, was signed the addendum for the extension of the credit line – revolving overdraft in the amount of Ron 2 million – contracted by Dendrio Solutions from ING Bank in November 2018. The extension was made for a period of 12 months – until August 2022 – under the same conditions as the initial agreement. The interest rate remained ROBOR_{1M} + 2.9% p.a.

In August 2022, the Group's management took the decision to close this loan product.

Banca Transilvania (BTRL)

On 06.09.2022 Dendrio Solutions contracted a credit product in the form of a ceiling – investment loan – from Banca Transilvania in the maximum amount of RON 11,000,000 financing 75% of the price of the transactions for the acquisition of shares of TopTech SRL and zNET Computer SRL. The investment loan was contracted for a period of 7 years and the repayment method is monthly, by constant instalments. The annual interest rate is variable and consists of the 3-month ROBOR index plus the Bank's fixed margin of 2.50%. The collateral for this loan product are the chattel mortgage on the Dendrio Solutions accounts opened with Banca Transilvania, the chattel mortgage on the shares acquired in the two companies, the guarantee from Bittnet Systems as co-signer, the guarantee issued by the European Investment Fund. Dendrio Solutions has made 2 drawdowns from this ceiling, after signing the closing procedures with the selling shareholders of the two target companies, paying the consideration of the acquired shares. The 2 drawdowns amounted to RON 9,724,885.

On 20.10.2022, the issuer informed the investors about the signing of a credit agreement with Banca Transilvania ("BT"). The agreement is in the form of a ceiling/line of credit – revolving overdraft – in the amount of EUR 1.8 million and is intended to finance the working capital and current activities of Dendrio Solutions SRL. The maturity is of 12 months with the possibility of extension and the interest rate is EURIBOR 6M+2.15% per year. The guarantees constituted for this loan are: chattel mortgage on all the outstanding receivables of the borrower, mortgage on the bank accounts opened at Banca Transilvania and trust agreement on behalf of the majority shareholder, Bittnet Systems SA.

The drawdowns from the BT loan will provide the pre-financing component for Dendrio Solutions' current and future IT&C integration projects, thus strengthening the Group's bank financing structure. The Group's management has chosen to explore the opportunity to borrow in foreign currency in view of the evolution of monetary policy interest rates over the last year, which has led to an increase in interest rates on RON loans.

BITTNET SYSTEMS SA
ANNUAL FINANCIAL STATEMENTS for the financial year 2022
(all the amounts shall be expressed in RON, unless otherwise provided)

In December 2018, Dendrio Solutions SRL contracted a credit cap banking product from Banca Transilvania. The total value is RON 1,000,000, for a period of 15 months and allows quick access to the following facilities: corporate credit line; issuance ceiling for various types of non-cash GSB (bank guarantee letters, participation in tenders, letters for good execution, guarantee of payment to suppliers, refund of advance payment, etc.). Interest on this facility is composed of: ROBOR3M+3.8% and is calculated on the amount actually used.

Dendrio Solutions uses this banking product in order not to tie up its own cash resources in order to issue letters of guarantee and, where necessary, to release cash from guarantee instruments that required, in the past, the blocking of its own cash.

The company informed the investors, on 10.11.2021, about the extension of the credit agreement between Dendrio Solutions and Banca Transilvania, (contracted in December 2018) for the ceiling of issuing bank guarantee letters and at the same time the addition of the maximum limit of use up to RON 2,300,000, under the following conditions: the product of the corporate credit line type will have a validity of 24 months with the possibility of extension; the destination of the ceiling is for the issuance of all types of bank guarantees in the national currency (bank guarantee letters for the proper execution of contracts, for participation in bidding procedures, guaranteeing the payment of suppliers, refunding advances etc.) and the interest is ROBOR6M+5.6% per year applied to the used balance.

Guarantees provided: chattel mortgage on Dendrio Solutions accounts opened with Banca Transilvania and Bittnet Systems SA sole associate guarantee.

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

Unicredit Bank

In February 2022, Elian Solutions extended the revolving-overdraft facility contracted from Unicredit Bank and increased the available ceiling up to RON 800,000. Maturity of the facility: 12 months with the possibility of extension; Interest rate: ROBOR3M+3% p.a.; Structure of the guarantee: movable mortgage on the current accounts opened at Unicredit Bank, general assignment of receivables, Letter of corporate guarantee issued by Bittnet Systems SA.

Raiffeisen Bank

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

In November 2022, the additional act of extending the credit facility that 2Net Computer had contracted from Raiffeisen Bank was signed. The new deadline is 18.10.2023. The extension was carried out under the same conditions as the initial agreement, the only change being the exclusion from the guarantee structure as surety guarantor of the former 2Net shareholder. The value of the facility is 2,500,000 lei and is intended to finance the working capital and current activity of the borrower.

BITTNET SYSTEMS SA
ANNUAL FINANCIAL STATEMENTS for the financial year 2022
(all the amounts shall be expressed in RON, unless otherwise provided)

Apart from this contract, 2NET has signed with Raiffeisen Bank two other credit contracts each worth RON 1,000,000 with maturities on 10.10.2023 and 20.05.2023, respectively.

BRD

In April 2022, an addendum was signed, extending by 12 months the maturity of the Top Tech ceiling contracted from BRD. The facility is worth RON 1,500,000.

On 26.04.2022, a new credit agreement was signed between Top Tech and BRD through which the bank made available to the borrower a ceiling in the total amount of RON 3,000,000. The new ceiling deadline is 07.04.2025.

In addition to the 2 loan products, Top Tech also has at its disposal a revolving ceiling loan of RON 2.000.000 maturing on 09.06.2023.

All of Top Tech's loan products are contracted from BRD and are used for working capital financing.

BITTNET SYSTEMS SA
ANNUAL FINANCIAL STATEMENTS for the financial year 2022
(all the amounts shall be expressed in RON, unless otherwise provided)

NOTE 25. LEASING LIABILITIES

The group has concluded long-term operational leasing contracts for technical equipment with final terms in 2023-2026.

	<u>31 Dec 2022</u>	<u>31 Dec 2021</u>
Short-term share	4,693,525	540,786
Long-term share	<u>19,290,728</u>	<u>676,929</u>
Total	<u>23,894,253</u>	<u>1,217,715</u>

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

Leasing liabilities	Spaces	Equipment	Cars	Total
On 01 January 2021	3,084,763	1,082,963	270,459	4,438,185
Inputs	-	312,496	215,579	528,075
Outputs	(2,828,567)	-	-	-2,828,566
Interest and exchange rate differences	95,210	138,288	107,889	341,387
Leasing payments	(351,406)	(653,212)	(256,747)	(1,261,365)
On 31 December 2021	-	880,535	337,180	1,217,715
Inputs	20,463,780	3,238,112	1,296,240	24,998,133
Outputs	-	-	-	-
Interest and exchange rate differences	625,575	96,564	2,669	724,899
Leasing payments	(2,155,060)	(712,893)	(79,541)	(2,956,494)
On 31 December 2022	18,934,297	3,493,409	1,556,549	23,984,253

Rights of use	Spaces	Equipment	Cars	Total
On 01 January 2021	2,704,319	871,188	427,571	4,003,078
Inputs	-	257,962	149,377	407,339
Outputs	(2,389,863)	-	-	(2,389,863)
Amortization	(314,456)	(432,158)	(160,581)	(907,195)
On 31 December 2021	-	696,991	416,367	1,113,358
Inputs	20,463,781	3,374,844	1,086,446	24,925,071
Outputs	-	0	(3,973)	(3,973)
Amortization	(1,910,046)	(1,289,904)	(268,974)	(3,468,924)
On 31 December 2022	18,553,735	2,781,932	1,229,867	22,565,534

BITTNET SYSTEMS SA
ANNUAL FINANCIAL STATEMENTS for the financial year 2022
(all the amounts shall be expressed in RON, unless otherwise provided)

NOTE 26. TRADE LIABILITIES AND OTHER LIABILITIES

Trade and other liabilities are detailed in the following table:

	<u>31 Dec 2022</u>	<u>31 Dec 2021</u>
Suppliers	58,599,686	23,773,616
Employed debts	2,032,048	630,887
Other liabilities	319,257	1,041,662
Debts for the purchase of shares	11,160,871	11,781,611
Provisions	127,001	127,001
Total financial liabilities	72,238,862	37,354,776
Advances to customers	1,404,086	1,027,567
VAT	2,740,087	1,650,290
Other budget liabilities	1,281,186	569,100
Prepaid income	699,210	1,359,490
Total, of which:	78,363,431	41,961,224
Long-term debt (purchase of equity interests)	0	624,136
Current debts	78,363,431	41,337,088

BITTNET SYSTEMS SA
ANNUAL FINANCIAL STATEMENTS for the financial year 2022
(all the amounts shall be expressed in RON, unless otherwise provided)

NOTE 27. INFORMATION REGARDING THE RELATION WITH RELATED PARTIES

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

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

	<u>2022</u>	<u>2021</u>
Management contracts	917,395	715,116
SOP expenditure	275,967	553,977
Total	<u>1,193,362</u>	<u>1,269,093</u>

On December 31, 2022, the debts related to the management contracts amount to RON 87,093 (December 31, 2021: RON 62,093).

Receivables and loans	<u>31 Dec 2022</u>	<u>31 Dec 2021</u>
E-Learning Company – loan	-	240,000
E-Learning Company – interest	-	21,304
Total	<u>-</u>	<u>261,304</u>

The loan to The E-Learning Company was granted to finance the working capital for a maximum period of 3 years and with an interest rate of 10% per year. The loan was repaid in full (principal + interest) in May 2022.

NOTE 28. CONTINGENT LIABILITIES

a) Protection of personal data

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

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

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

b) Risk associated with changing legislation and taxation in Romania

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

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

c) Transfer price

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

The taxpayers conducting related party transactions are responsible to prepare transfer pricing documentation, which must be submitted at the request of the tax authorities during the tax inspection. Thus, it is likely that the transfer pricing checks will be carried out in the future by the tax authorities, in

order to determine whether the respective prices comply with the "normal market conditions" principle and that the Romanian taxpayer's taxable base is not distorted.

d) Disputes

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

File 30598/3/2021 – litigation Bucharest Mall Development and Management

Throughout 2021, the Group became aware of the existence of file 30598/3/2021 pending at Bucharest Court, in contradiction with the owner of the former office space - Bucharest Mall Development and Management S.R.L. ("Anchor" or the "Owner").

In February 2022, the Group (or the "Tenant") took note of the content of this file and the value of the claims, as follows:

- i) RON 267,214.96 representing rent, tax on services and utilities;
- ii) RON 100,109.95 representing late payment penalties related to the principal amount; and
- iii) RON 3,632,709.91 representing compensatory damages (criminal clause).

Taking into account the approval given by the GMS in September 2021 regarding the expansion of office space and classrooms, 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 Group exercised, pursuant to Article 4.1 of the Contract, the option to expand the Space with an additional area of 3,500 square meters of office space, unfragmented and on the same floor as the existing Space "inside the Building or in another building owned by the Owner or another company in its group (benefiting from similar commercial and technical conditions – i.e. to be a class A office building and to be located within walking distance of a metro station)", based on the notification sent to the Owner on 10.12.2020.

According to the contractual provisions mentioned above "The Tenant will notify the Owner of the need/intention to expand the office Space, if necessary, 4 (four) calendar months before May 2021". Through the response communicated by email on 12.01.2021, the Owner informed the Group about the following:

- i) does not have a free area for rent of the requested size, but a reduced area, namely 2,563.14 sqm of which only the area of 1,495.61 sqm has a certain availability, the difference of 1,067.53 sqm having an uncertain situation, namely its availability is conditional on the relinquishment (unlikely, as it follows from the communicated response) of its use by another tenant;
- ii) the availability of the space differs, there being a gap of 3 months between the space available on the same floor (in area of 1,495.61 sq m) and that located on a different floor (1,067.53 sq m); and
- iii) the proposed area is offered under different commercial and/or technical conditions than those on the basis of which the use of the existing space was agreed (i.e. different duration, the need to bear some refurbishment costs, etc.).

BITTNET SYSTEMS SA
ANNUAL FINANCIAL STATEMENTS for the financial year 2022
(all the amounts shall be expressed in RON, unless otherwise provided)

On 18.01.2021, the Owner sent to the Group the Notification regarding the technical and commercial proposal for the expansion of the space, in accordance with the information previously communicated by email sent on 12.01.2021. Consequently, the conditions for the unilateral termination of the contract, as notified by the Group on 01.27.2021, have been met.

In the correspondence between the parties prior to the formulation of the summons request, Anchor contested the unilateral notice of termination of the Group, and considering the Contract as being in force, continued to issue invoices after the termination of the Contract by unilateral termination. The Group has maintained and confirmed its position by refusing to pay invoices issued after the termination date in the absence of a contractual relationship.

Through the Notification dated April 23, 2021, the Group requested Anchor to deduct the remaining rent payments until the date of termination of the contract as a result of the unilateral denunciation by the Renter (i.e. the remaining rent payments for the months of March - May 2021) with the Guarantee provided by the Tenant according to Annex 5 to the Contract, as it was increased by Additional Act no. 2/14.01.2019 to Bank Guarantee Letter no. 246/12.06.2017.

On August 4, 2021, the Anchor sent its own notice of termination of the Contract citing the fault of the Tenant for non-payment of invoices, at the same time requesting compensatory damages according to the penal clause. Also, on 1.09.2021, Anchor executed the Guarantee provided by the Renter according to Annex 5 to the Contract.

On 23.09.2021 the Group notified the Owner regarding the fact that the Notice of Termination sent on 04.08.2021 is without object, considering that the respective Contract was already terminated as a result of the Notice of Unilateral Denunciation sent by the Group on 27.01.2021, and Bittnet's unilateral manifestation of will, unequivocal and firm in the sense of denunciation, is sufficient to produce effects and operates legally and irrevocably from the date of its communication.

Therefore, the court will have to clarify the date and manner of termination of the Contract, respectively either on May 27, 2021 based on the unilateral denunciation by the Tenant, or on August 4, 2021 based on the termination invoked by the Owner, following that the material claims that are the subject of this action to be resolved according to the court's ruling in this regard.

At the first term of the trial on 10.06.2022, the court asked the plaintiff to indicate the amount of the annual rent owed under the rental contract and the method of calculating it, the corresponding documents, with the mention of proving the payment of the court fee of stamp, calculated at this value, until the next court term of 14.10.2022, under penalty of cancellation. The plaintiff requested the re-examination of the stamp duty, a request that was rejected. The plaintiff paid the stamp duty in full.

By the conclusion of the session dated 24.10.2022, the court extended the ruling on the testimonial evidence after submitting the answers to the interrogation and an accounting expert was appointed in order to draw up the expert report with the following objectives, agreed to by the defendant:

1. The amount of Rent and Penalties owed by the Defendant outstanding on the date of the filing of the summons referred to 27.05.2021 as the date of termination of the contract.
2. The Amount of Rent and Penalties owed by the Defendant outstanding on the date of the filing of the summons, reported on 24.08.2021 as the date of termination of the contract.
3. The separate value of the costs of utilities and services for the period March-May 2021 and of the penalties related to 27.05.2021 as the date of termination of the contract.

BITTNET SYSTEMS SA
ANNUAL FINANCIAL STATEMENTS for the financial year 2022
(all the amounts shall be expressed in RON, unless otherwise provided)

4. The separate value of the costs of utilities and services for the period June-August 2021 relative to 24.08.2021 as the date of termination of the contract.

5. The correctness of the method of calculation of the sums requested for payment through the summons request, respectively the sums of 267,214.96 lei, representing rent, service tax and utility costs, 100,109.95 lei representing late penalties and 3,632,709, 91 lei, representing compensatory damages, according to the plaintiff's request.

The parties responded to the questioning and by the conclusion of the session dated January 27, 2023, the court approved the testimonial evidence with 2 witnesses who were heard in the session of 03.10.2023. Until the deadline of 10.03.2023, the appointed expert did not submit the expert report and requested a postponement without specifying a deadline for its completion.

Due to the lack of the expert report, the court granted a new deadline of 21.04.2023. At this moment, the case is still in the judicial investigation phase, the evidence being approved and partly administered. Considering the current stage of the procedure at the date of this report (March 2023) and the complexity of the evidence (submissions, interrogatories, testimonial evidence and expertise), the Group's Management considers any evaluation of the chances or the procedures, in the sense of establishing provisions that affect the results, to be premature the year 2022.

e) Environmental aspects

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

NOTE 29. SIGNIFICANT ACCOUNTING POLICIES

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

a) Grounds for consolidation

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

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

b) Non-controlling interests

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

c) Associated entities

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

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

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

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

BITTNET SYSTEMS SA
ANNUAL FINANCIAL STATEMENTS for the financial year 2022
(all the amounts shall be expressed in RON, unless otherwise provided)

d) Goodwill

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

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

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

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

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

e) Revenue recognition

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

Obligations to be fulfilled and revenue recognition methodology

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

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

Determination of transaction price

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

Allocation of amounts to be executed

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

Costs for obtaining contracts

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

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

BITTNET SYSTEMS SA
ANNUAL FINANCIAL STATEMENTS for the financial year 2022
(all the amounts shall be expressed in RON, unless otherwise provided)

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

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

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

g) Balances and transactions in foreign currency

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

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

h) Financial assets

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

Amortized cost

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

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

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

BITTNET SYSTEMS SA
ANNUAL FINANCIAL STATEMENTS for the financial year 2022
(all the amounts shall be expressed in RON, unless otherwise provided)

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

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

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

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

Financial assets at fair value

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

i) Financial liabilities

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

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

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

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

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

j) Share-based payments (SOP)

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

The fair value of options at the date of granting shall be systematically recorded in the consolidated statement of comprehensive income for the period up to the exercise of the option. Non-market-based conditions of entry shall be taken into account by adjusting the number of equity instruments expected to

BITTNET SYSTEMS SA
ANNUAL FINANCIAL STATEMENTS for the financial year 2022
(all the amounts shall be expressed in RON, unless otherwise provided)

be recorded at each reporting date so that ultimately the cumulative amount recognized in the vesting period is based on the number of options that may be paid. The conditions of non-qualification and the conditions of entry into rights are included in the fair value of the granted options. Cumulative expenditure shall not be adjusted for failure to fulfil a condition of entitlement or where a condition of non-qualification is not fulfilled.

k) Leasing

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

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

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

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

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

Transition method and Practical Exceptions used

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

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

- (a) applied a single discount rate to a rental portfolio with reasonably similar characteristics;
- (b) excluded initial direct costs from the valuation of right-of-use assets at the date of initial application, where the right of use of the asset was determined as if IFRS 16 had been applied from the commencement date;
- (c) it was based on previous assessments regarding whether the leases are onerous compared to the preparation of an impairment review in accordance with IAS 36 at the date of the initial application; and
- (d) applied the exemption of not recognizing the rights of use of the assets and liabilities for leases with less than 12 months of lease remaining at the date of the initial application.

As a user, the Group has previously classified leasing as operational or financial leasing based on its assessment of whether the leasing contract has transferred substantially all the risks and benefits of ownership. In accordance with IFRS 16, the Group recognizes leasing assets and liabilities by right for most

BITTNET SYSTEMS SA
ANNUAL FINANCIAL STATEMENTS for the financial year 2022
(all the amounts shall be expressed in RON, unless otherwise provided)

of the leasing. However, the Group has chosen not to recognize leasing assets and liabilities for some low-value asset leases based on the new value of the underlying asset for short-term rental with a lease term of 12 months or less.

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

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

l) External purchased intangible assets

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

m) Tangible fixed assets

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

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

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

n) Inventory

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

o) Provisions

BITTNET SYSTEMS SA
ANNUAL FINANCIAL STATEMENTS for the financial year 2022
(all the amounts shall be expressed in RON, unless otherwise provided)

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

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

p) Employee benefits

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

q) Current and deferred profit tax

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

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

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

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

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

- It must be determined whether uncertain tax treatments should be considered separately, or together as a group, depending on the approach that provides better predictions about resolution;

BITTNET SYSTEMS SA
ANNUAL FINANCIAL STATEMENTS for the financial year 2022
(all the amounts shall be expressed in RON, unless otherwise provided)

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

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

NOTE 30. THE RUSSIA – UKRAINE CONFLICT

I. The Russia-Ukraine conflict

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

- Destruction, confiscation or abandonment of tangible and intangible property;
- Sanctions imposed on a company that may impact its ability to operate (eg access to funds, banking systems, etc.);
- Sanctions imposed on a company's customers, which may impact its ability to sell goods and services and collect debts;
- Sanctions imposed on a company's suppliers, which may impact its ability to obtain raw materials, goods and services, or which may indirectly increase the costs of obtaining these elements from alternative sources;
- Sanctions imposed on creditors and/or banks of an entity, which may limit its ability to access funds and credits;
- Changes in the approach to clients and consumers regarding companies with ties to Russia, Belarus or other jurisdictions related to the Russian Federation, which could reduce demand for the products of those companies;
- Changes in risk appetite that can lead to the situation where creditors and investors withdraw their financial support for companies with ties to Russia, resulting in an increased liquidity risk and/or doubts regarding the continuity of the respective companies' activity;
- Volatility in the prices of financial instruments and commodities, including oil, natural gas, other oil derivatives and minerals, as well as volatility in foreign exchange rates.

Based on the information available up to now, the Group's Management has not identified concrete potential risks related to the Russia-Ukraine conflict and thus, at this moment, it does not expect a significant impact in terms of the current operations. The direct exposure of the Group to third parties affected by the sanctions imposed since the beginning of the conflict (customers, suppliers, banking institutions with which the Group collaborates, which have been directly affected by the sanctions) does not exist. The indirect exposure (customers, suppliers with whom the Group collaborates, with ties to third parties affected by sanctions, as well as risks related to the future volatility of commodity prices or exchange rates) is currently unquantifiable, the Group's Management not having received any sign up to this point regarding any significant impact on the Group's activity.

NOTE 31. SUBSEQUENT EVENTS TO THE BALANCE SHEET DATE

I. Capital increase operation with new cash contributions and receivables resulting from M&A transactions | January – March 2023

On 16.01.2023, the issuer notified the capital market about the approval of the Capital Increase Prospectus composed of separate documents and of ASF Decision no. 16/12.01.2023 approving the document and the operation. The increase operation was decided by the Board of Directors on 16.09.2022, in accordance with Decision no. 12 of the Extraordinary General Meeting of Shareholders of 27.04.2021 and was aimed at issuing 105,696,119 ordinary shares offered for subscription at a price of RON 0.31 per share. The capital increase was made on the basis of pre-emptive rights, and 5 BNETR16 pre-emptive rights were required to buy one new share at a price of RON 0.31 during the public offer period.

The pre-emptive rights were assigned to the shareholders from the registration date 13.10.2022 in a ratio of 1:1 with the holding of BNET shares from the registration date. According to the increase Prospectus, the BNETR16 pre-emptive rights were traded over a period of 5 working days between: 18.01.2023 – 25.01.2023.

After the trading period of the BNETR16 pre-emptive rights, the rights holders could buy the new shares, issued by the Company, at the offer price: RON 0.31 per share, proportional to the number of rights held, for 31 days, respectively in the time frame: 30.01.2023 – 01.03.2023 (Stage 1 of the increase). During Stage 1, a number of 304,126,505 BNETR16 pre-emptive rights related to a total number of 60,825,301 subscribed shares were exercised, which represents 57.54% of the entire issue of new shares. The value of the cash contributions that the Company attracted during Stage 1 (public offer) amounts to RON 18,855,843.31.

The shares left unsubscribed after Stage 1 were offered for sale to investors in a private placement, between 03.06.2023 – 03.10.2023, brokered by SSIF Goldring SA (Stage 2 of the increase), according to the provisions of the capital market legislation. During this stage, 35,193,399 new shares were subscribed, the equivalent of new cash contributions of RON 10,909,953.67.

In the two stages of this capital increase operation, a total of 96,018,700 new shares were subscribed, through new cash contributions, representing 90.84% of the entire volume of the offer. As a result of this operation, the capital of Bittnet Systems will increase by the amount of RON 32,765,796.89, related to a number of 105,696,119 new shares (100% of the offer), the difference being represented by the conversion of receivables resulting from the M&A activity carried out in recent years. In March 2023, the management of the Issuer took the decision to pay partially by payment order and partially by conversion into BNET shares the consideration of these receivables. Thus, following the signing of the additional documents with the Sellers from the M&A transactions, the value of the receivables that were converted into shares at the price of 0.31 ron/share is RON 2,999,999.89 and represents part of the purchase price of Top Tech SRL. The bank transfers were made during March 2023, to the rights of the holders of claims from the M&A activity for the purchase of some packages of shares in the companies ITPrepared, The E-Learning Company, Nenos Software and Top Tech.

The total amount raised by the Company in the two stages (public offering and private placement) within this financing round by capital increase amounts to RON 29,765,797.

The issuer follows the registration procedures of the new share capital and the resulting new number of shares at the Trade Registry Office, the Financial Supervision Authority, the Central Depository and the Bucharest Stock Exchange. After making all the registrations with the competent authorities, the subscribed

BITTNET SYSTEMS SA
ANNUAL FINANCIAL STATEMENTS for the financial year 2022
(all the amounts shall be expressed in RON, unless otherwise provided)

and paid-up capital of Bittnet Systems SA will be RON 63,417,671.40, corresponding to a number of 634,176,714 ordinary shares.

II. Signing of the sale and purchase agreement for the acquisition of 70% of Dataware Consulting SRL

Through the current report 50/09.12.2022, Bittnet informed investors about the signing of the contract for the purchase of social shares for the purchase of a percentage of 70% of the company DATAWARE CONSULTING SRL, integrator of IT&C products and services. The purchase price is RON 18,550,000 and will be partially paid in cash (RON 13.55 million), and the rest settled in BNET shares (RON 5 million). The actual number of shares to be issued shall be determined in accordance with the provisions of art. 210(2) of Law 31/1990 and art. 87-88 of Law 24/2017 on issuers of financial instruments and market operations and art. 174 of FSA Regulation No. 5/2018. Considering that the transaction price also includes a component settled in BNET shares, the percentage of 70% of the share capital and DTW voting rights will be divided proportionally between Bittnet Systems (18.87%) and the subsidiary company Dendrio Solutions (51, 13%). The remaining 30% of Dataware will remain the property of the founding shareholders. Following this M&A transaction, Bittnet Group expands its range of IT products and services with new technological capabilities as well as the range of certifications.

The closing depends on the approval of the Competition Council and on certain suspensive conditions customary for this type of transactions. Management estimates that the transaction will be completed in the first semester of 2023. The file for obtaining the opinion on non-concentration has been submitted to the Competition Council and its approval is awaited at the time of writing.

III. Repayment of the issue of corporate bonds BNET23C | January 2023

On 23.01.2023, Bittnet Systems repaid the principal borrowed (nominal value) from the BNET23C corporate bond issue at maturity. According to the Memorandum of admission to trading on the SMT-Bonds market of the BVB, the redemption price was 100% of the nominal value of the issue, i.e. RON 10,000,000. The registration date for the identification of the bonds that benefited from the redemption of the nominal value was 16.01.2023, and the payment date for the repayment of the BNET23C bonds is 23.01.2023, according to the Memorandum. The last trading session for BNET23C bonds took place on 12.01.2023. In addition to the repayment of the nominal value, the distribution of the last semi-annual coupon, coupon 8, with the same reference and payment data, was also made to the obligors.

IV. Unicredit Bank - Elian Solutions SRL credit extension and supplements | February 2023

On 03.02.2023, Unicredit Bank and Elian Solutions (part of the Bittnet group) signed the addendum for the extension and supplement of the credit product – revolving overdraft product. The agreement was extended for a period of 12 months and the credit was increased from RON 800,000 to RON 1,600,000 under the same conditions as the additional act of extension signed in 2022. The interest rate remained unchanged at: ROBOR3M+3%, facility maturity: February 2024. The structure of the guarantees: chattel mortgage on the accounts of Elian Solutions SRL opened at Unicredit Bank, assignment of receivables and letter of corporate guarantee issued by Bittnet Systems SA.

V. Partial repayment of Banca Transilvania investment loan | February 2023

BITTNET SYSTEMS SA
ANNUAL FINANCIAL STATEMENTS for the financial year 2022
(all the amounts shall be expressed in RON, unless otherwise provided)

In February 2023, Dendrio signed the addendum to the investment loan agreement by which a part of the investment loan contracted from Banca Transilvania for the acquisition of Top Tech's shares was repaid in advance. The partial repayment in the amount of RON 1.3 million came as a result of Dendrio selling 14% of Top Tech at the end of last year. Upon the signing of the investment contract, in August 2022, between Dendrio and Banca Transilvania, the parties agreed that in case Dendrio will sell percentages of Top Tech or zNET Computer, the borrower agrees to repay a proportion of the investment loan that financed 75% of the M&A transaction price.

VI. Listing on the Regulated Market of the BVB of the BNET26E bond issue | March 2023

On 07.03.2023, the listing of the BNET26E bonds took place after the Issuer received the consent for admission to trading from the ASF and BVB. The issue consists of 20,596 registered, dematerialised, non-convertible, unsecured bonds with a nominal value of EUR 100/bond. The annual interest of 9% is payable quarterly through the Central Depository and the T2S system.

VII. Intragroup loan agreement: Bittnet Systems – The E-Learning Company | March 2023

In March 2023, Bittnet Systems signed an intragroup loan agreement with its subsidiary The E-Learning Company ("ELC") to support the development of its current activity. The loan is of the ceiling type, in the maximum amount of 500,000 RON, of which a first tranche of 200,000 RON was transferred in March. The loan is made available to ELC depending on the liquidity needs and the interest is 10% per year on the actual loaned balance.

The financial statements from page [3] to page [80] were approved and signed on March 27, 2023.

Mihai Logofatu

CEO

Adrian Stanescu

CFO

INDEPENDENT AUDITORS' REPORT

To the Shareholders of BITTNET SYSTEMS S.A.

Registered Office: Sergent Ion Nutu St, no. 44, One Cotroceni Park, Corp A & Corp B, 4th fl., Bucharest-5
Unique Code of Registration: 21181848

Report on the individual financial statements

Opinion

1. We have audited the individual financial statements of BITTNET SYSTEMS S.A. ("the Company"), which comprise the non-consolidated statement of financial position as at December 31, 2022, and the non-consolidated statement of comprehensive income, non-consolidated statement of changes in equity and non-consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

The individual financial statements as at and for the year ended 31 December 2022 are identified as follows:

- | | |
|----------------------------|----------------|
| • Net assets/Total equity: | 50,353,329 RON |
| • Net profit for the year: | 618,891 RON |

2. In our opinion, the accompanying individual financial statements give a true and fair view of the non-consolidated financial position of the Company as at December 31, 2022, and of its non-consolidated financial performance and its non-consolidated cash flows for the year then ended in accordance with the Order of the Minister of Public Finance no. 2844/2016 for the approval of the accounting regulations compliant with International Financial Reporting Standards.

Basis for opinion

3. We conducted our audit in accordance with International Standards on Auditing (ISAs), UE Regulation no. 537/2014 of the European Parliament and of the Council („The Regulation”) and Law no. 162/2017 („The Law”). Our responsibilities under those standards and regulations are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with International Ethics Standards Board of Accountants Code of Ethics for Professional Accountants (“IESBA Code”) together with the ethical requirements that are relevant to our audit of the financial statements in Romania, including the Regulation and the Law, and we have fulfilled out other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter

4. We draw attention over Note 26 “Contingent liabilities”, where is included a description of the litigation for the former office space, in which the Company conducted its activities until the end of May 2021. Considering the early stage of the dispute, as well as the fact that the level of potential losses related to this litigation cannot be reliable assessed, the Management considers premature any assessment of the chances or procedures, in establishing provisions affecting the current year results. Our opinion is not modified in respect of this matter.

Key audit matters

5. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Revenue recognition	
Key audit matter	How our audit addressed the key audit matter
<p>Please see Note 6 “Revenue from contracts with customers”.</p> <p>In accordance with International Standards on Auditing, there is an implicit risk on revenue recognition due to the pressure on management in obtaining the planned results.</p> <p>The Company’s main activity from which the Company records revenue are represented by sale and implementation of IT&C goods, training services, and sale of licenses.</p> <p>Revenue is recorded after the control is transferred to the final client, which takes place after the formal acceptance for goods sold, or after the service was provided.</p>	<p>Our audit procedures included, among other:</p> <ul style="list-style-type: none"> ▪ Evaluation of processes and controls on the existence and accuracy of the recorded revenues. ▪ Testing a sample of agreements concluded with customers to understand terms and conditions for transfer of control, also for conditions agreed for discounts to be granted. ▪ Verification of sale register to identify unusual transactions and to check the supporting documents to confirm that revenues are properly recorded. ▪ Audit procedures for testing that revenues were recorded in the appropriate period, for a sample of transactions recorded around the year-end. ▪ Testing a sample of receivables by sending direct confirmation letters.

Other information - Annual Report of the Board of Directors

6. Management is responsible for the preparation and presentation of other information. The Other information comprise Annual Report of the Board of Directors, and the Remuneration Report but does not include the financial statements and our auditor’s report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.
7. In connection with our audit of the individual financial statements for the period ended at 31 December 2022, our responsibility is to read the Other information and, in doing so, consider whether the Other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

In respect to the Annual Report of the Board of Directors, we read and report whether the Report is prepared, in all material respects, in accordance with the Order of Minister of Public Finance no 2844/2016, articles 15-19 of the accounting regulations in accordance with International Financial Reporting Standards.

In respect of Remuneration Report, we read and report if this was prepared, in all material respects, in accordance with Law 24/2017, articles 106-107.

8. Based solely on the work required to be undertaken in the course of the audit of the financial statements, in our opinion:
 - a) The information given in the Annual Report of the Board of Directors for the financial year for which the financial statements are prepared, is consistent, in all material respects, with the individual financial statements;
 - b) The Annual Report of the Board of Directors, including the non-financial representation has been prepared, in all material respects, in accordance with OMFP no. 2844/2016, points 15-19, respectively 39-42, of the accounting regulations compliant with the International of Financial Reporting Standards.
 - c) The Remuneration Report has been prepared, in all material respects, in accordance with the provisions of Law 24/2017, articles no. 106-107.
9. In addition, based on our knowledge and understanding of the entity and its environment obtained in the course of the audit for the financial year ended December 31, 2023, we are required to report if we have identified material misstatements in the Board of Directors Report. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

10. Management is responsible for the preparation of the individual financial statements that give a true and fair view in accordance with the Order of the Minister of Public Finance no. 2844/2016. and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
11. In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.
12. Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

13. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
14. As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:
 - Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
 - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
 - Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
 - Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
15. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
16. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
17. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

18. We were appointed as auditor of BITTNET SYSTEMS S.A. by the General Shareholders' Meeting on 26 November 2020. Our total uninterrupted period of engagement is 3 years, covering periods ending 31 December 2020 to 31 December 2022.
19. We confirm that:
- Our audit opinion is consistent with the additional report presented to the Audit Committee of the Company, which is issued with the same date as the current report. We also remain independent of the audited entity in conducting the audit.
 - We have not provided to the Company the prohibited non-audit services referred to in article 5 (1) of EU Regulation no 537/2014.



Report on compliance with Commission Delegated Regulation (EU) 2018/815 (European Single Electronic Format Regulatory Technical Standard or ESEF)

We have undertaken a reasonable assurance engagement on the compliance with Commission Delegated Regulation (EU) 2018/815 applicable to the individual financial statements included in the annual financial report of the Company as shown in the digital files containing the unique code 315700VUUQHM9VEDRO36-2022-12-31-ro_v1 (Digital Files).

Responsibility of management and those charged with governance for Digital Files prepared in accordance with ESEF

Management is responsible for preparing the Digital Files in accordance with ESEF. This responsibility includes:

- the design, implementation and maintenance of the internal control relevant to the application of ESEF;
- ensuring consistency between the Digital Files and the financial statements that will be published in accordance with Order no. 2844/2016 with subsequent amendments.

Those in charge of governance are responsible for overseeing the preparation of Digital Files in accordance with ESEF.

Auditor's Responsibilities for Audit the Digital Files

Our responsibility is to express a conclusion on whether the financial statements included in the annual financial report complies in all material respects with the requirements of the ESEF, based on the evidence we have obtained. We conducted our reasonable assurance assignment in accordance with International Standard on Assurance Assignments 3000 (revised), Assurance Assignments other than audits or reviews of historical financial information (ISAE 3000) issued by the International Auditing and Assurance Standards Board.

A reasonable assurance engagement in accordance with ISAE 3000 involves performing procedures to obtain evidence about compliance with ESEF. The nature, timing, and extent of the procedures selected depend on the auditor's judgement, including the assessment of the risk of material departures from the requirements set out in ESEF, whether due to fraud or error. A reasonable assurance engagement includes:

- obtaining an understanding of the Company's process for preparation of the Digital Files in accordance with the ESEF, including the relevant internal controls;
- reconciling the Digital Files with the audited financial statements of the Company that will be published in accordance with Order no. 2844/2016 with subsequent amendments.
- evaluating if all financial statements that are included in the annual financial report have been prepared in a valid XHTML format.

We consider that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion. In our opinion, the financial statements for the financial year ended December 31, 2022 included in the annual financial report and presented in the Digital Files comply, in all material respects, with the requirements of ESEF.

In this section we do not express an audit opinion, a review conclusion or any other assurance conclusion on financial statements. Our audit opinion on the Company's financial statements for the financial year ended December 31, 2022 is included in the " Report on the Audit of the Individual Financial Statements" section above.



Other matters

20. This report of the Independent Auditor is addressed exclusively to the Company's shareholders, as a body. Our audit was undertaken in order to report to the Company's shareholders all those aspects that we are required to state to them in a financial audit report and for no other purposes whatsoever. To the extent permitted by law, we do not accept or take responsibility to anyone other than the Company and its shareholders, as a body, for our audit work, for the report on the financial statements, or for the opinion we have formed.

For and behalf of BDO Audit SRL

Registered in the Public Electronic Report of financial auditors
and audit firms with no. FA18

Partner's name: Cristian Iliescu

Refer to original signed version in Romanian language
--

Registered in the Public Electronic Report of financial auditors
and audit firms with no. AF1530

27 March 2023

Bucharest, Romania

BITTNET SYSTEMS SA

UNCONSOLIDATED FINANCIAL STATEMENTS

Prepared in accordance with
Order of the Minister of Public Finance
no. 2844/2016, as further amended,
for the financial year ended on
31 December 2022

TABLE OF CONTENTS

CONSOLIDATED SITUATION OF COMPREHENSIVE INCOME	3
CONSOLIDATED STATEMENT OF FINANCIAL POSITION	4
CONSOLIDATED SITUATION OF CASH FLOW	5
CONSOLIDATED SITUATION OF CHANGES IN EQUITY	6
NOTA 1. GENERALE INFORMATION	7
NOTA 2. BASIS FOR DRAWING UP THE FINANCIAL STATEMENTS	9
NOTA 3. ESSENTIAL ESTIMATES AND ACCOUNTING REASONING	12
NOTA 4. FINANCIAL INSTRUMENTS - RISK MANAGEMENT	13
NOTA 5. RESULT PER SHARE	18
NOTA 6. REVENUES FROM CONTRACTS WITH CLIENTS	19
NOTA 7. SALES COST	21
NOTA 8. SALES EXPENSES	22
NOTA 9. GENERAL AND ADMINISTRATIVE EXPENSES	23
NOTA 10. CLASSIFICATION OF EXPENSES BY THEIR NATURE	24
NOTA 11. FINANCIAL INCOME AND EXPENSES	25
NOTA 12. FINANCIAL INCOME AND EXPENSES	26
NOTA 13. TAX PROFIT	26
NOTA 14. OTHER INTANGIBLE ASSETS	27
NOTA 15. TANGIBLE ASSETS	28
NOTA 16. SECURITIES	30
NOTA 17. TRADE RECEIVABLES AND OTHER RECEIVABLES	40
NOTA 18. INVENTORY	42
NOTA 19. CASH AND EQUIVALENTS	42
NOTA 20. CAPITAL AND RESERVES	43
NOTA 21. BONDS	49
NOTA 22. BANK LOANS	51
NOTA 23. LEASING LIABILITIES	53
NOTA 24. TRADE LIABILITIES AND OTHER LIABILITIES	54
NOTA 25. INFORMATION REGARDING THE RELATION WITH RELATED PARTIES	55
NOTA 26. CONTINGENT LIABILITIES	58
NOTA 27. SIGNIFICANT ACCOUNTING POLICIES	62
NOTA 28. THE RUSSIA – UKRAINE CONFLICT	70
NOTA 29. SUBSEQUENT EVENTS TO THE BALANCE SHEET DATE	71

BITTNET SYSTEMS SA
ANNUAL FINANCIAL STATEMENTS for the financial year 2022
(all the amounts shall be expressed in RON, unless otherwise provided)

CONSOLIDATED SITUATION OF COMPREHENSIVE INCOME

	Note	2022	2021
Revenues from contracts with customers	[6]	15,795,263	13,069,342
Sales Cost	[7]	(7,430,641)	(6,704,212)
Gross margin		8,364,623	6,365,131
Other revenues	[8]	786,869	106,160
Sales expenses	[9,11]	(4,338,330)	(3,673,493)
General and administrative expenses	[10,10]	(6,784,880)	(4,812,795)
Other expenditure	[8]	(535,365)	-
Equivalent securities profit/(loss)		273,630	773,014
Financial income	[12]	6,403,955	13,729,833
Financial expenses	[12]	(3,989,287)	(2,389,300)
Gross profit		181,214	10,098,550
Tax profit	[13]	437,677	(929,832)
Net Profit		618,891	9,168,718
Per share	[5]	0,0012	0.0193
Dilluted		0,0011	0.0170

The financial statements on page [3] to page [73] were approved and signed on 27 March 2023.

Mihai Logofatu
CEO

Adrian Stanescu
CFO

ANNUAL FINANCIAL STATEMENTS for the financial year 2022
(all the amounts shall be expressed in RON, unless otherwise provided)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	31 Dec 2022	31 Dec 2021
ASSETS			
Fixed assets			
Intangible assets	[13]	7,070,347	7,250,299
Tangible fixed assets	[14]	10,462,845	552,329
Investments	[15]	38,813,490	33,284,001
Other financial assets	[12]	26,312,865	19,961,036
Deferred tax		437,677	-
Total fixed assets		83,097,224	61,047,664
Current assets			
Inventory	[17]	51,963	18,496
Trade receivables and other receivables	[16]	9,049,077	6,021,902
Financial assets at fair value	[15]	13,790,384	17,919,885
Cash and cash equivalents	[18]	13,470,129	8,753,193
Total current assets		36,361,552	32,713,476
TOTAL ASSETS		119,458,777	93,761,140
EQUITY AND DEBTS			
Share capital		52,848,060	48,043,690
Issue premiums		9,738,583	14,542,953
Other equity items		(20,851,261)	(19,082,504)
Reserves		956,462	947,402
Reported result		7,661,485	7,051,654
Total equity and reserves	[19]	50,353,329	51,503,195
Long-term debts			
Bonds	[20]	9,609,806	24,044,334
Bank loans	[21]	-	165,607
Leasing liabilities	[22]	14,923,783	550,256
Long-term debts		-	624,136
Deferred Tax	[12]	-	-
Total long-term liabilities		24,533,590	25,384,333
Current debts			
Bonds	[20]	25,194,352	872,768
Bank loans	[21]	167,937	965,120
Leasing liabilities	[22]	2,646,803	262,147
Profit tax liabilities	[12]	-	278,513
Trade liabilities and other liabilities	[23]	16,562,786	14,495,065
Total current debts		44,571,858	16,873,613
Total liabilities		69,105,448	42,257,946
TOTAL EQUITY AND DEBTS		119,458,777	93,761,140

ANNUAL FINANCIAL STATEMENTS for the financial year 2022
(all the amounts shall be expressed in RON, unless otherwise provided)

CONSOLIDATED SITUATION OF CASH FLOW

	2022	2021
Gross profit		
Adjustments for:	181,214	10,098,550
Depreciation expenses		
Expenses related to disposed assets	1,422,392	640,863
Benefits granted to SOP employees	3,973	(5,544)
Adjustments for the depreciation of receivables	890,381	1,066,911
Interest expenses and other financial costs	(7,326)	(26,838)
Interest and other financial income	2,427,017	2,632,852
Gain on securities placements	(1,296,222)	(1,191,423)
Equity securities gain	(3,601,659)	(11,988,124)
Operating profit before working capital change	(273,630)	(773,014)
Variation of receivables account balances	(253,860)	454,233
Variance of the inventory accounts balances	(1,344,031)	1,069,224
Variation of accounts payable balances	(33,467)	5,924
Cash generated from operation	2,316,352	(754,672)
Profit tax paid	684,995	774,709
Net cash from operating activities	(278,513)	(864,710)
Investment activities:	406,481	(90,001)
Payments for acquisition of subsidiaries/businesses, +/- cash acquired		
Payments for the purchase of participation interests	(8,019,744)	(11,095,123)
Proceeds from the sale of participating interests	7,447,460	-
Loans granted to related entities	2,459,364	(1,690,000)
Acquisitions of tangible and intangible assets	(2,743,861)	(471,993)
Other investments in financial instruments	(4,179,499)	(2,015,800)
Proceeds from other financial investments	4,809,727	7,829,183
Collected dividends	1,904,546	670,082
Interest received	1,102,918	2,976,363
Net cash from investment activities	2,780,910	(3,797,287)
Financing activities:		
Proceeds from share issue	-	10,412,024
Repurchases/sales of own shares	(2,603,739)	10,696
Drawings of Bank loans	-	-
Repayments of bank loans	(962,791)	(967,125)
Receipts from bond issue	9,609,806	
Repayments from bond issue	(0)	(4,500,000)
Payments of leasing liabilities	(2,363,966)	(1,462,291)
Interest paid	(2,149,766)	(2,462,856)
Net cash from financing activities	1,529,544	1,030,447
Net increase in cash and cash equivalents	4,716,936	(2,856,842)
Cash and cash equivalents at the beginning of the financial year	8,753,193	11,610,034
Cash and cash equivalents at the end of the financial year	13,470,129	8,753,193

BITTNET SYSTEMS SA
ANNUAL FINANCIAL STATEMENTS for the financial year 2022
(all the amounts shall be expressed in RON, unless otherwise provided)

CONSOLIDATED SITUATION OF CHANGES IN EQUITY

	Capital social	Prime de emisiune	Alte elemente de capitaluri proprii	Rezerve legale	Rezultat reportat	Total capitaluri
1 ian 2021	26,443,139	25,409,965	(19,893,997)	369,599	(1,539,261)	30,789,445
Rezultat net	-	-	-	-	9,168,718	9,168,718
Alte elemente ale rezultatul global	-	-	-	-	-	-
Total Rezultat global	-	-	-	-	9,168,718	9,168,718
<i>Tranzactii cu actionarii</i>	-	-	-	-	-	-
Majorare capital social	21,600,551	(10,867,012)	(321,515)	-	-	10,412,024
Implementare SOP	-	-	66,096	-	-	66,096
Beneficii acordate angajaților SOP	-	-	1,066,911	-	-	1,066,911
Repartizare rezerva legala	-	-	-	577,803	(577,803)	-
31 dec 2021	48,043,690	14,542,953	(19,082,504)	947,402	7,051,654	51,503,195
Profit net	-	-	-	-	618,891	618,891
Alte elemente ale rezultatul global	-	-	-	-	-	-
Total Rezultat global	-	-	-	-	618,891	618,891
<i>Tranzactii cu actionarii</i>	-	-	-	-	-	-
Majorare capital social	4,804,369	(4,804,369)	(9,895)	-	-	(9,895)
Implementare SOP	-	-	(2,649,244)	-	-	(2,649,244)
Beneficii acordate angajaților SOP	-	-	890,381	-	-	890,381
Repartizare rezerva legala	-	-	-	9,061	(9,061)	-
31 dec 2022	52,848,060	9,738,253	(20,851,261)	956,462	7,661,485	50,353,329

BITTNET SYSTEMS SA
ANNUAL FINANCIAL STATEMENTS for the financial year 2022
(all the amounts shall be expressed in RON, unless otherwise provided)

NOTA 1. GENERALE INFORMATION

Group structure and operational activities

The financial statements include the consolidated financial information of the parent company Bittnet Systems (the "Issuer"), headquartered in Bucharest, Str. Sergent Ion Nutu, nr. 44, One Cotroceni Park, Corp A and Corp B, 4th floor, sector 5, and the following branches, all branches being registered in Romania:

	<u>31 Dec 2022</u>	<u>31 Dec 2021</u>
SUBSIDIARIES - % ownership		
Dendrio Solutions	88,001%	100%
Elian Solutions	51,02%	51,02%
Equatorial Gaming	98,99%	98,99%
Equatorial Training, by Equatorial Gaming	100%	100%
Computer Learning Center	100%	100%
ISEC Associates	69,992%	69,992%
IT Prepared	50,2%	50,2%
Nenos Software	60,97%	60,97%
Nonlinear	60%	60%
Global Resolution Experts	60%	60%
GRX Advisory, by Global Resolution Experts	60%	60%
Top Tech, 46% by Dendrio Solutions	86%	-
2Net Computer, by Dendrio Solutions	100%	-
MINORITY INTERESTS		
E-Learning Company	23%	23%

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

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

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

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

BITTNET SYSTEMS SA
ANNUAL FINANCIAL STATEMENTS for the financial year 2022
(all the amounts shall be expressed in RON, unless otherwise provided)

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

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

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

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

Starting with June 2020, Bittnet shares (BNET symbol) are listed on the BVB Regulated Market.

The Management

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

- 1) **Ivylon Management SRL** by **Mihai Alexandru Constantin Logofatu**. On the date when this note is drafted, Mihai Logofatu owns a number of 57,870,621 shares, which represents 12.04% of the share capital and voting rights. Mihai Logofatu is co-founder of Bittnet Systems.
- 2) **Cristian Ion Logofatu**, who owns a number of 53,461,971 shares, which represents 11.13% of the share capital and voting rights. Cristian Logofatu is co-founder of Bittnet Systems.

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

- 3) **Anghel Lucian Claudiu** – independent manager, who holds a number of 5,468,395 shares of the Issuer, i.e. a percentage of 1.13% of the voting rights.

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

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

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

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

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

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

NOTA 2. BASIS FOR DRAWING UP THE FINANCIAL STATEMENTS

a) Declaration of conformity

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

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

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

The main accounting policies adopted in the preparation of the consolidated financial statements are set out at Note 30 "Significant accounting policies".

b) Business continuity

The Coronavirus pandemic posed a serious threat to public health and the Government imposed restrictions on natural and legal persons. The significant development and spread of the coronavirus did not take place until January 2020. The impact on business and the measures adopted are presented below. In view of the lifting of the alert status and the lifting of the restrictions it is expected that the impact for the financial year 2023 will be reduced.

Adopted measures

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

Impact on business

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

The resulting effects of this general environment are:

- **The worsening semiconductor crisis** has significantly affected projects that include hardware components. Although in the first quarter and even the first 6 months of 2021 there were moments of recovery in component supply flows (processors/chips), since May 2021 this trend has entered

BITTNET SYSTEMS SA
ANNUAL FINANCIAL STATEMENTS for the financial year 2022
(all the amounts shall be expressed in RON, unless otherwise provided)

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 to be over? Certainly not in the near future: <https://www.bloomberg.com/graphics/2021-chip-production-why-hard-to-make-semiconductors/>

- **Human factor pressure** – the global pandemic has introduced an easing in the way companies hire and interact with employees and collaborators. More and more global projects are being delivered with offshore resources, while geographic location simply has now a fiscal significance. As a result, IT companies in Romania, including firms in the group's technology division, are facing extremely fierce global competition in a market where skilled labour is scarce and becoming increasingly mobile.
- The consistent digitization of work processes over the past two years is leading to **a significant increase in demand for expertise in the Cybersecurity space**. Given that Dendrio offers a broad spectrum of solutions and services in the cybersecurity area but also the fact that as of August 2021 the technology division has started to include other companies with exceptional cyber expertise, such as: IT Prepared, Global Resolution Experts (GRX), or iSec Associates (iSec) – we can consider that at this moment the technology division and the Bittnet Group are in an extremely favourable position for the coming period.

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

c) New standards and interpretations, valid at 31 December 2022

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

- Amendments to IAS 16 "Tangible assets" - Receipts before intended use, adopted by the EU on June 28, 2021 (applicable for annual periods beginning on or after January 1, 2022)
- Amendments to IAS 37 "Provisions, contingent liabilities and contingent assets" - Onerous contracts - The cost of fulfilling a contract adopted by the EU on June 28, 2021 (applicable for annual periods starting on or after January 1, 2022),
- Financial Reporting Conceptual Framework (Amendments to IFRS 3) - In May 2020, the IASB issued amendments to IFRS 3, which update a reference to the Financial Reporting Conceptual Framework without changing the accounting requirements for business combinations.
- Amendments to various standards due to "IFRS Improvements (cycle 2018-2020)" resulting from the annual IFRS improvement project (IFRS 1, IFRS 9, IFRS 16 and IAS 41) with the main purpose of removing inconsistencies and clarifying certain forms - adopted by the EU on June 28, 2021 (Amendments to IFRS 1, IFRS 9 and IAS 41 are applicable for annual periods starting on or after January 1, 2022. The amendment to IFRS 16 refers only to an illustrative example, so it is not mentioned an effective date).

The adoption of the new amendments to the existing standards did not have any significant impact on the Group's consolidated financial statements

BITTNET SYSTEMS SA
ANNUAL FINANCIAL STATEMENTS for the financial year 2022
(all the amounts shall be expressed in RON, unless otherwise provided)

d) New standards and interpretations not applicable on 31 December 2022

At the date of approval of these consolidated financial statements, the following amendments to the existing standards were issued by the IASB and adopted by the EU, not being in force yet:

- IFRS 17 "Insurance contracts", including amendments to IFRS 17 issued by the IASB on June 25, 2020 - adopted by the EU on November 19, 2021 (applicable for annual periods beginning on or after January 1, 2023),
- Amendments to IFRS 17 "Insurance contracts" - Initial application of IFRS 17 and IFRS 9 - Comparative information adopted by the EU on September 9, 2022 (applicable for annual periods beginning on or after January 1, 2023).
- Amendments to IAS 1 "Presentation of financial statements" - Presentation of accounting policies (applicable for annual periods starting on or after January 1, 2023);
- Amendments to IAS 8 "Accounting policies, changes in accounting estimates and errors" - Definition of accounting estimates (applicable for annual periods starting on or after January 1, 2023);
- Amendments to IAS 12 "Income taxes" - Deferred tax related to assets and liabilities arising from a single transaction (applicable for annual periods starting on or after January 1, 2023);

The Company chose not to adopt these amendments to the existing standards before the effective dates of entry into force. The Group anticipates that the adoption of these standards and amendments to the existing standards will not have a significant impact on the consolidated financial statements of the Group during the initial application period.

e) New standards and amendments to existing standards issued by the IASB, but which have not yet been adopted by the EU

Currently, IFRS as adopted by the EU do not differ significantly from the regulations adopted by the International Accounting Standards Board (IASB), with the exception of the following new standards and amendments to existing standards, which were not approved for use in the EU on the publication of the consolidated financial statements (the effective dates mentioned below are for the IFRS standards issued by the IASB):

- IFRS 14 "Deferral accounts related to regulated activities" (applicable for annual periods starting on or after January 1, 2016) - the European Commission decided not to issue the approval process of this interim standard and to wait for the final standard;
- Amendments to IAS 1 "Presentation of financial statements" - Classification of liabilities into short-term liabilities and long-term liabilities (applicable for annual periods starting on or after January 1, 2023);
- Amendments to IAS 1 "Presentation of financial statements" - Fixed liabilities with agreements (applicable for annual periods on or after January 1, 2024);
- Amendments to IFRS 16 "Leasing contracts" - Leasing liabilities in case of sale and leaseback (applicable for annual periods on or after January 1, 2024); The Group anticipates that the adoption of these new standards and amendments to the existing standards will not have a significant impact on the Group's consolidated financial statements during the initial application period.

NOTA 3. ESSENTIAL ESTIMATES AND ACCOUNTING REASONING

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

Essential reasoning

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

Estimates and assumptions

- Fair value measurement of financial assets held for sale (Note 17)
- Evaluation of the counterperformance related to the employee/collaborator loyalty program by offering actions – "SOP" (Note 22)
- Adjustments assessment of the receivables impairment (Note 20)

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

NOTA 4. FINANCIAL INSTRUMENTS - RISK MANAGEMENT

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

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

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

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

(i) Main financial instruments

The main financial instruments used by the Group, resulting in the risk of the financial instrument, are the following:

- Receivables and loans;
- Cash and cash equivalents;
- Variable rate bank loans;
- Bank loans and fixed-rate bonds;
- Business debts and other liabilities.

BITTNET SYSTEMS SA
ANNUAL FINANCIAL STATEMENTS for the financial year 2022
(all the amounts shall be expressed in RON, unless otherwise provided)

(ii) Financial instruments by category

FINANCIAL LIABILITIES	31 Dec 2022	31 Dec 2021
Bond issue loans	34,804,159	24,917,101
Leasing liabilities	17,570,586	812,403
Bank loans	167,937	1,130,728
Trade liabilities and other liabilities	16,153,033	14,815,081
Total	68,695,715	41,675,313
 FINANCIAL ASSETS	 31 Dec 2022	 31 Dec 2021
Receivables and loans	33,939,866	25,596,355
Cash and cash equivalents	13,470,129	8,753,193
Total	47,409,995	34,349,548

(iii) Financial instruments not measured at fair value

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

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

General objectives, policies and processes

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

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

Credit risk

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

BITTNET SYSTEMS SA
ANNUAL FINANCIAL STATEMENTS for the financial year 2022
(all the amounts shall be expressed in RON, unless otherwise provided)

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

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

Additional relevant information on trade and other receivables, which are neither due or impaired, is provided at Note 16.

Cash in bank deposits and short-term deposits

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

Market risk

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

Interest rate risk

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

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

	31 Dec 2022	31 Dec 2021
	<hr/>	<hr/>
Variable interest	167,937	1,130,728
Fixed interest	<hr/> 52,374,745	<hr/> 25,729,504
Total	<hr/> 52,542,682	<hr/> 26,860,232

On December 31, 2022, if the interest rates corresponding to the loans in RON had been by 1% higher/lower, all the other variables being kept constant, the gross profit for that year would have been by 251,649 lower/higher (December 31, 2019: 102,101), mainly as a result of higher/lower interest expense on variable

BITTNET SYSTEMS SA
ANNUAL FINANCIAL STATEMENTS for the financial year 2022
(all the amounts shall be expressed in RON, unless otherwise provided)

rate loans.

Currency risk

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

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

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

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

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

Net financial assets/(liabilities) in foreign currency	31 Dec 2022	31 Dec 2021
RON	(24,621,633)	(8,166,921)
EUR	2,685,766	2,127,890
USD	650,148	(1,286,733)

Other market risk

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

Liquidity risk

Liquidity risk stems from the Group's management of the working capital and financial expenses and main

BITTNET SYSTEMS SA
ANNUAL FINANCIAL STATEMENTS for the financial year 2022
(all the amounts shall be expressed in RON, unless otherwise provided)

repayments of its debt instruments. There is a risk that the Group will encounter difficulties in meeting its financial obligations as they mature.

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

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

31 December 2022	Up to 3 months	3 to 12 months	1 to 2 years	Over 2 years
Bond issue loans	10,864,435	14,329,918	-	9,609,806 12,200,90
Leasing liabilities	475.446	2,171,358	2,722,875	8
Bank loans	167,937	-	-	-
Trade liabilities and other liabilities	4,992,162	11,160,871	-	-
Total	16,499,979	27,662,147	2,722,875	21,810,715

31 December 2021	Up to 3 months	3 to 12 months	1 to 2 years	2 to 5 years
Bond issue loans	872,768	-	24,044,334	-
Leasing liabilities	124.955	286.625	216.549	184.274
Bank loans	236,969	728,151	165,608	-
Trade liabilities and other liabilities	3,033,470	11,157,475	624.136	-
Total	4,268,162	12,172,251	25,050,626	184.274

Relevant information on capital

The Group shall monitor the capital comprising all components of the equity.

The Group's objectives in maintaining capital are:

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

BITTNET SYSTEMS SA
ANNUAL FINANCIAL STATEMENTS for the financial year 2022
(all the amounts shall be expressed in RON, unless otherwise provided)

NOTA 5. RESULT PER SHARE

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

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

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

The calculation of the result per share for the financial years 2021-2022 is presented in the following table:

	<u>2022</u>	<u>2021</u>
Net profit attributable to parent company (A)	618,891	9,168,718
Number of shares - beginning of period	480,436,904	264,431,393
Capitalization of premiums/retained earnings	-	197,826,961
Shares issued during the period against cash	48,043,691	18,178,550
Number of shares - end of period	528,480,595	480,436,904
Average ordinary shares in the period (B)	512,466,031	474,377,387
Dilutive Effect Shares (SOP)	97,768,910	64,858,982
Total average (C)	571,479,698	539,236,369
Earnings per share		
basic (A/B)	0.0012	0.0193
diluted (A/C)	0.0011	0.0170

BITTNET SYSTEMS SA
ANNUAL FINANCIAL STATEMENTS for the financial year 2022
(all the amounts shall be expressed in RON, unless otherwise provided)

NOTA 6. REVENUES FROM CONTRACTS WITH CLIENTS

Revenues from contracts with customers for the financial years 2021-2022 are detailed in the following table:

	<u>2022</u>	<u>2021</u>
Training services	15,359,729	10,945,087
IT solutions integration services	270,992	487,560
Revenues from the provision of services	15,630,721	11,432,647
 Selling goods integrating IT solutions	 64,601	 880,848
Resold licenses	99,941	755,847
Sale of goods	164,542	1,636,695
 Total	 15,795,263	 13,069,342

Training services

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

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

IT solutions integration services

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

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

Revenues from the sale of goods and licenses

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

Revenue from a geographical perspective

BITTNET SYSTEMS SA
ANNUAL FINANCIAL STATEMENTS for the financial year 2022
(all the amounts shall be expressed in RON, unless otherwise provided)

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

Essential reasoning

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

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

The Group sells the rights over the goods produced by the producers in combination with its own value-added services. These services are advisory and know-how services (often governed and certified by our status as partners with manufacturers), ensuring that the solutions sold to customers meet their specific requirements and needs. These services are an integral and essential part of our obligations to our clients, because these services do not provide separate value to clients, and are not billed separately. The combination of qualified consulting services (pre- and post-sales) and the goods produced by the manufacturers is, in fact, what ensures the benefit to the customers, in the form of a solution tailored to their specific needs (e.g. providing various upgrade options and maximum flexibility) and legally compliant. Also, even after the conclusion of the contract, throughout the duration of the contract, the Group is the only point of contact and the sole responsible to the customer for any problems (in which case the Group's team solves the deficiencies and/or liaises with the manufacturer to remedy the problems that have occurred) or additional requirements (e.g. software upgrade).

Even if the IT equipment or software licenses sold by the Group are produced by other entities, the Group's promise to its customers is not to produce those goods, but to deliver them, and often also to perform additional activities such as installation, customization, combination, activation, configuration, optimization and maintenance during operation - these being key elements of the performance obligations assumed to customers. From the customer's perspective, the Group's promise represents a single performance obligation (i.e. the delivery of a customised and legally compliant solution) and the Group assumes the performance risk for the entire solution, which attests the Group's control over the products in the delivery flow. Regarding the delivery to the customer, this is performed by the Group – which takes actual possession of the goods (including the software activation keys) and transmits them to the final customer, along with the specific internal activation processes in the intended portals (processes performed by the Group team). Also, through the contracts concluded with manufacturers, the Group receives, according to its status as an authorized partner, the right to use the manufacturer's intellectual property, which is separate from the actual licenses sold to customers; as such, the Group controls the entire promise to the customer prior to delivery.

Although the Group does not normally have inventory risk prior to receiving the order from the customer, from that moment on, the Group takes over the inventory risk until the final transfer of control of the goods to the end customer. Even if by definition there is only one manufacturer for each type of equipment or software license sold to customers, the Group can decide to buy directly from the manufacturer, or from any other authorised supplier (distributor, importer, European whole-saler, global, etc.). If, for any reason, the delivery to the customer is not completed or it is not successful (according to the obligations undertaken

BITTNET SYSTEMS SA
ANNUAL FINANCIAL STATEMENTS for the financial year 2022
(all the amounts shall be expressed in RON, unless otherwise provided)

to the customer), the Group will remain in possession of the goods without being able to return them to the supplier or sell them to another customer. Also, in certain situations, the Group places advance orders with suppliers (i.e. before receiving the order from the customer) in order to secure volume discounts or to take advantage of good prices (thus voluntarily assuming inventory risk), and subsequently transfers goods to customers as they confirm their purchase intentions.

In conclusion, the Group makes customers a promise to deliver the goods, takes possession and control of them and sets the sale prices, in negotiation processes. The Group is free to agree prices with customers; thus, the Group may grant additional discounts, or request price increases to reflect currency risks, speed of delivery, risk of non-payment from the customer, etc. In other words, for customers, the Group is the supplier of the goods, even if they are produced by manufacturers and/or delivered by distributors, the Group being fully responsible for the proper delivery of agreed projects.

In addition, the Group bears the full credit risk for the entire value of the goods (hardware and software) – orders once placed with suppliers (either directly with the manufacturer or with authorised intermediaries) are non-refundable. In assessing the decision to initiate and/or continue business relations with customers, the Group only analyses the ability and intention/goodwill of customers to pay invoices on time. The Group has full control over the sales strategy, decides what goods and services to offer, deliver and ultimately implement/configure.

NOTA 7. SALES COST

The sales costs for the financial years 2021-2022 are presented in the following table:

	2022	2021
Selling cost of the goods IT solutions integration	55,885	777,072
Resold licenses	91,454	599,813
Other direct materials	434,090	136,521
Cloud services	102,881	239,969
Staff expenditure	253,561	74,439
Expenses with collaborators	1,056,098	1,096,019
Services provided by third parties	5,436,671	3,780,378
Total	7,430,641	6,704,212

BITTNET SYSTEMS SA
ANNUAL FINANCIAL STATEMENTS for the financial year 2022
(all the amounts shall be expressed in RON, unless otherwise provided)

NOTA 8. SALES EXPENSES

The sales expenses for the financial years 2021-2022 are presented in the following table:

	<u>2022</u>	<u>2021</u>
Staff expenditure	715,495	307,461
Expenses with collaborators	2,491,640	2,018,237
Commissions and fees	227,947	273.877
Advertisement	903,248	1,073,918
Total	<u>4,338,330</u>	<u>3,673,493</u>

BITTNET SYSTEMS SA
ANNUAL FINANCIAL STATEMENTS for the financial year 2022
(all the amounts shall be expressed in RON, unless otherwise provided)

NOTA 9. GENERAL AND ADMINISTRATIVE EXPENSES

The administrative expenses for the financial years 2021-2022 are detailed in the following table:

	<u>2022</u>	<u>2021</u>
Materials	111.573	30.335
Staff expenditure	1,922,874	1,751,963
Provisions for unpaid holidays for employees	43,737	-
Expenses with collaborators	632,494	765,426
Amortization	1,422,392	640,863
Headquarters rent	13,606	12,648
Rental of equipment and machines	5.880	5.427
Insurance	15.389	28.973
Telecom and post expenditure	38.304	44.439
Donations	37.127	187.638
Receivables adjustments	218.617	(26.838)
Bank fees	-7,326	37.514
Other third party services	41.010	1.028.750
Other expenditures	1,458,038	305,656
Total	<u>6,784,880</u>	<u>4,812,795</u>

BITTNET SYSTEMS SA
ANNUAL FINANCIAL STATEMENTS for the financial year 2022
(all the amounts shall be expressed in RON, unless otherwise provided)

NOTA 10. CLASSIFICATION OF EXPENSES BY THEIR NATURE

The classification of total operational expenses, by nature, for the financial years 2021-2022 is detailed in the following table:

	2022	2021
Materials and goods	601,549	943,928
Resold licenses	91,454	599,813
Staff expenditure	2,891,930	2,133,863
Provisions for unpaid holidays for employees	43,737	-
Expenses with collaborators	4,180,231	3,879,682
Amortization	1,422,392	640,863
Cloud services	102,881	239,969
Rent expenditure	19,486	12,648
Commissions and fees	227,947	273,877
Advertisement	903,248	1,072,826
Travel and transportation	15,389	5,427
Insurance	38,304	28,973
Telecom and post expenditure	37,127	44,439
Donations	218,617	187,638
Receivables adjustments	(7,326)	(26,838)
Bank fees	41,010	37,514
Services provided by third parties	6,894,709	4,809,128
Other expenditures	831,163	305,656
Total operating expenses	18,553,850	15,190,500

BITTNET SYSTEMS SA
ANNUAL FINANCIAL STATEMENTS for the financial year 2022
(all the amounts shall be expressed in RON, unless otherwise provided)

NOTA 11. FINANCIAL INCOME AND EXPENSES

Details of revenues and expenses for the financial years 2021-2022 are presented in the following table:

FINANCIAL INCOME	2022	2021
Interest income	1,917,295	1,532,810
Investment income	7,375,645	2,460,454
Income from valuation of securities	(2,888,985)	9,736,569
Total	6,403,955	13,729,833
FINANCIAL EXPENSES	2022	2021
Bank interest	125,074	113.693
Factoring costs	1,344	19.285
Interest on issued bonds	2,300,600	2,499,875
Leasing interest	621,241	49,720
Net income/expenses exchange rate differences	56,029	(293.272)
Impairment	885,000	-
Total	3,989,287	2,389,300

BITTNET SYSTEMS SA
ANNUAL FINANCIAL STATEMENTS for the financial year 2022
(all the amounts shall be expressed in RON, unless otherwise provided)

NOTA 12. FINANCIAL INCOME AND EXPENSES

Financial income	2022	2021
Interest income	1,917,295	1,532,810
Investments income	7,375,645	2,460,454
Venituri din evaluarea titlurilor	(2,888,985)	9,736,569
Total	6,403,955	13,729,833

NOTA 13. TAX PROFIT

Details regarding the current and deferred tax profit for the financial years 2021-2022 are presented in the following table:

	2022	2021
Current profit tax	-	1,084,122
Deferred tax	(437,677)	(154,290)
Total income tax	(437,677)	929,832

Income tax reconciliation

	2022	2021
GROSS INCOME	181,214	10,098,550
Legal reserve	(9,061)	(504,927)
Non-taxable income	(12,285,622)	(3,936,744)
Non-deductible expenses	9,377,989	1,460,276
TAXABLE INCOME	(2,735,479)	7,117,154
Income tax (16%)	(437,677)	1,138,745
Sponsorship discount	-	(208,913)
Total income tax	(437,677)	929,832

Deferred tax

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

BITTNET SYSTEMS SA
ANNUAL FINANCIAL STATEMENTS for the financial year 2022
(all the amounts shall be expressed in RON, unless otherwise provided)

NOTA 14. OTHER INTANGIBLE ASSETS

Intangible assets include mainly Bittnet Brand and software licenses.

	Brands	Licenses and other intangible assets	Total other intangible assets
Net value			
On 31/12/2020	5,800,518	953,767	6,754,285
Inputs	-	787,569	787,569
Amortization	-	(291,554)	(291,554)
On 31/12/2021	5,800,518	1,449,782	7,250,299
Inputs	(10,162)	684,937	674,775
Assignments/Transfers	-	(459,686)	(459,686)
Amortization	-	(395,041)	(395,041)
On 31/12/2022	5,790,355	1,279,992	7,070,347

Essential Reasons - Bittnet Brand (Recognition, Evaluation, Registration)

Bittnet brand

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

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

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

Debt remission transaction registration

The debt from the acquisition of the trademark was remitted to the founders of the company, Mihai and Cristian Logofatu, subsequently paid by transferring some assets from the personal assets of the founders to the seller of the trademark.

The management analysed the debt remittance transaction and concluded that it represents an income and not a capital operation. The transaction was made with the founders of Bittnet Systems as managers, considering the founders' commitment to minority shareholders to bear in their own name the cost for

BITTNET SYSTEMS SA
ANNUAL FINANCIAL STATEMENTS for the financial year 2022
(all the amounts shall be expressed in RON, unless otherwise provided)

acquiring the brand, thus correcting the error in the past of not being diligent enough to register the brand at State Office for Inventions and Trademarks. The income resulted from debt remittance amounting to 5,786,000 was recognized in the financial year 2018 in the Statement of comprehensive result on the line "Other income".

Essential reasoning – indefinite life span

The trademarks were acquired in a business combination and are the only ones allocated to the business. It has been established that it has an indefinite life span because there is no intention to abandon the brand name. The Group has the ability to maintain the value of the brand indefinitely. Thus, the trademark is not paid off, but it is tested annually for impairment. As brands do not generate largely independent cash inflows, they are allocated to the Group's CGUs for goodwill impairment testing as part of the assets of the business.

NOTA 15. TANGIBLE ASSETS

Tangible assets mainly include office space layouts and equipment necessary for operational activities. Movements within tangible assets are presented in the table below.

BITTNET SYSTEMS SA
ANNUAL FINANCIAL STATEMENTS for the financial year 2022
(all the amounts shall be expressed in RON, unless otherwise provided)

	Leased spaces and fittings	Technical installations and machinery	Other equipment and furniture	Total fixed assets
Cost				
On 31/12/2020	1,830,103	1,624,566	22,446	3,477,114
Leasing inputs	-	31,911	-	31,911
Inputs	157,437	-	-	157,437
Assignment/Transfer	(1,830,103)	(601,240)	-	(2,431,343)
On 31/12/2021	157,437	1,055,237	22,446	1,235,119
Leasing inputs	8,150,668	729,408	-	8,880,076
Inputs	2,528,341	30,654	40,130	2,599,126
Assignment/Transfer	(537,362)	(390,732)	-	(928,094)
On 31/12/2022	10,299,083	1,424,568	62,576	11,786,227
Amortization				
On 31/12/2020	758,565	677,833	11,888	1,448,287
Cost of the period	139,772	6,023	7,132	152,927
Assignment/Transfer	(898,337)	(20,087)	-	(918,424)
On 31/12/2021	-	663,770	19,020	682,790
Cost of the period	763,262	252,509	11,580	1,027,351
Assignment/Transfer	-	(386,759)	-	(386,759)
On 31/12/2022	763,262	529,519	30,600	1,323,381
Net value				
On 31/12/2022	9,535,821	895,049	31,976	10,462,845
On 31/12/2021	157,437	376,408	18,484	552,329
On 31/12/2020	1,071,539	925,650	31,639	2,028,827

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

BITTNET SYSTEMS SA
ANNUAL FINANCIAL STATEMENTS for the financial year 2022
(all the amounts shall be expressed in RON, unless otherwise provided)

NOTA 16. SECURITIES

a) Companies part of the Group (50%+ holding)

	31 dec 2022	31 dec 2021
	<hr/>	<hr/>
Dendrio Solutions	6,394,376	7,266,254
Elian Solutions	510,000	510,000
Equatorial Gaming	3,761,000	4,646,000
Computer Learning Center	866,001	866,001
ISEC Associates	436,001	436,001
IT Prepared	3,833,272	2,883,421
Nenos Software & Nonlinear	4,985,939	4,985,939
Global Resolution Experts	9,706,286	9,693,544
Top Tech	5,401,675	
	<hr/>	<hr/>
Total	35,894,550	31,287,160

Dendrio Solutions

During 2017, the Bittnet acquired GECAD NET from the entrepreneur Radu Georgescu. In the first half of 2018, GECAD Net was renamed Dendrio Solutions. Dendrio is the only integrator of hybrid "multi-cloud" solutions in Romania, having a consolidated position as a company certified by the most important IT providers in the world, focusing on cloud and IT security. The IT solutions provided by Dendrio include: general consulting services, IT assessment services, implementation and migration services, maintenance and support services, infrastructure optimization services and IT training services. The company is the only "hybrid multi-cloud" integrator in Romania, consolidating its position as a certified company by the most important IT providers in the world, focusing on cloud and cybersecurity. In December 2018, Bittnet acquired the IT&C integration activity of Crescendo International SRL, a company with 25 years of experience in Romania and on foreign markets. Crescendo's IT&C division has been integrated into Dendrio and, as a result of the merger, the company benefits from a more stable business structure, extensive staff resources, and an extensive portfolio of customers, products and services. In June 2022, Bittnet Systems announced to the Market through the current report no. 25/14.06.2022 that an institutional investor has been co-opted in the shareholding of Dendrio Solutions SRL. The transaction was carried out through the sale of an 11.999% stake in Dendrio to the investment fund Agista Investments for RON 7,499,982.76. Considering the transaction price, the market valuation of the IT&C integrator Dendrio Solutions amounts to RON 62.5 million. With Agista joining the shareholding, Dendrio is on its way to listing on the capital market either through a private placement or an initial public offering on the BVB, or through a merger procedure with a company listed on a regulated market or on a multilateral trading facility in a member state of the European Union.

BITTNET SYSTEMS SA
ANNUAL FINANCIAL STATEMENTS for the financial year 2022
(all the amounts shall be expressed in RON, unless otherwise provided)

Elian Solutions

In 2018, the Group acquired a majority stake in the company that provides ERP solutions, Elian Solutions. Elian completed the offer of IT integration services by adding ERP solutions in the group's portfolio. Elian Solutions is specialized in providing implementation services for Enterprise Resource Planning (ERP) solutions, Microsoft Dynamics NAV. Elian is the only partner who holds a Gold Certificate for this solution from Microsoft in Romania. The solution implemented by Elian allows companies to know the situation of stocks, receivables and debts, to be able to forecast, inter alia cash flow, to track production, cost centers and much more.

Equatorial Gaming

In 2018, the Group acquired a significant stake in the game-based learning company, Equatorial Gaming. Following the acquisition, Equatorial's activities were integrated into the Education division. In August 2020, Bittnet activated the option to convert the loan amounting to RON 1,050,000, granted in 2018 to Equatorial Gaming, the equivalent of 20.1% of the share capital. In November 2020, Bittnet shareholders approved the purchase of a number of registered shares representing 60.3665% of the share capital of Equatorial Gaming SA. Following these operations, Bittnet Systems reached a holding of 98.99% of the share capital of Equatorial Gaming SA. Equatorial, a game-based learning company, specializes in providing transformative training and consulting programs at the individual, team and organizational levels in Romania and abroad. In 2015, the company invented and launched Equatorial Marathon, an Alternate Virtual Reality Game for corporations, which increases involvement and stimulates employee behaviour change. In 2018 Equatorial launched a new product: VRrunners, an evolution for Marathon mobile platforms. In 2019, Equatorial released 2 new games: White Hat and Bona Fidae Agency.

Computer Learning Center & ISEC Associates

On August 2021, the Group informed the investors about the signing of the share sale-purchase agreements for the takeover of the cyber security company – ISEC Associates Srl and of the IT training company – Computer Learning Center. The purchase price for 100% of Computer Learning Center (CLC) is RON 725,000, amount settled in two instalments: the first instalment, amounting to RON 225,000, was paid by payment order during August 2021, and the second instalment – amounting to RON 500,000, conditional on the removal from CLC's patrimony of assets that are not relevant to the company's current activity – was paid in January 2022. Thus, Bittnet Group consolidates its Education division and expands its certification portfolio, especially in the cyber security sector. The company collaborates with over 30 certified trainers and has delivered over 2,500 courses to 15,000 participants in recent years. Following the entry of Bittnet Systems in the shareholding, a loan agreement was signed by the parties in September 2021, whereby the Issuer made available to Computer Learning Center the amount of RON 560,000 for financing the working capital for a maximum period of 3 years and an interest rate of 9% per year. The loan was successively increased up to the amount of RON 2,405,000 in the period October 2021 – June 2022, and then partially repaid in August – September 2022, the remaining balance as of 31.12.2022 amounting to RON 1,130,000. The purchase price for the purchase of 69.99% of ISEC Associates shares is RON 295,000, which was paid in a single instalment, by bank transfer, to the founding shareholder, Alexandru Andriescu. ISEC Associates is a company founded in 2003, specialized in complete security auditing, consulting and testing services. ISEC helps companies identify, assess, secure and manage information security. By acquiring ISEC, Bittnet increases its position on the cyber-security market. Following the entry of Bittnet Systems in the

BITTNET SYSTEMS SA
ANNUAL FINANCIAL STATEMENTS for the financial year 2022
(all the amounts shall be expressed in RON, unless otherwise provided)

shareholding, a loan agreement was signed by the parties whereby the Issuer made available to ISEC Associates the amount of RON 370,000 for financing the working capital for a maximum period of 3 years and an interest rate of 9% per year. The loan was increased successively up to the amount of RON 600,000 in February-June 2022. Computer Learning Center and ISEC Associates have been consolidated in the financial statements from September 2021.

IT Prepared

In August 2021, the Group informed investors and the Market about the completion of negotiations and signing of the agreement for the acquisition of a majority stake in IT Prepared SRL. The price of the transaction amounts to USD 776,290 for 50.2% of the share capital of the company and will be paid through a mix of cash and BNET shares in 3 instalments as follows:

- The first instalment, amounting to USD 265,200, was paid in cash in RON equivalent immediately after the signing of the share purchase agreement, by a payment order to the two founding shareholders of IT Prepared;
- According to the sale-purchase agreement, the second instalment, in the amount of USD 368,290 (the updated amount following the closing of ITPrepared financial statements on 31.12.2021), would have been paid to the founders of ITPrepared in BNET shares in an operation of capital increase. In March 2023, the parties agreed to sign an additional act at the SPA, through which they established that the payment of second instalment should be made in cash, by bank transfer in national currency. Following the bank transfers, in March 2023, second instalment is considered fully paid.
- The third instalment, amounting to RON 1,078,768 (amount updated following the closing of IT Prepared's financial statements on 31.12.2022), will be paid to IT Prepared's founders in cash by 30.06.2023. The transaction for taking over the majority stake in the company IT Prepared Srl was approved by the Shareholders in EGMS on November 26, 2020.

Considering that the financial and operational situation of IT Prepared Srl changed between the time of approval granted by EGMS and the time of signing the investment agreement, the parameters of the transaction were renegotiated for the benefit of Bittnet , the final evaluation being halved (thus Bittnet took over the majority package), and the payment will be dependent on the confirmation of positive operational results in 2021 and 2022. IT Prepared has been consolidated in the financial statements since September 2021.

Nenos Software & Nonlinear

In August 2021, the Group informed the capital market about the completion of negotiations and signing of contracts for the acquisition of majority shareholdings in software developer Nenos Software SRL and Nonlinear SRL. The value of the transaction for the acquisition of 60.97% of Nenos Software amounts to RON 4,850,000, settled in two instalments as follows:

- 50% of the transaction price (i.e. the amount of 2,425,000 lei) was paid by bank transfer to the account of the sole associate of Nenos Software;

BITTNET SYSTEMS SA
ANNUAL FINANCIAL STATEMENTS for the financial year 2022
(all the amounts shall be expressed in RON, unless otherwise provided)

- According to the sale-purchase agreement, the transaction value would have been settled by allocating in BNET shares in a capital increase operation. In March 2023, the parties agreed to sign an additional act to the SPA, by which they determined that the payment of this tranche should be made in cash, by bank transfer. Following the transfer, in March 2023, the transaction price was fully paid.

For the acquisition of 60% of the company Nonlinear Srl, the transaction price is RON 120 and is equal to the nominal value of the assigned shares. Nonlinear had in 2020 a turnover of Ron 392,442 and a net profit of Ron 115,018, with 4 programmers employed. Nonlinear signed in 2021 a financing agreement for the development of a digitization product, intended for SMEs and micro-enterprises, which will allow the HR automation, accounting, invoicing processes, etc. The product is a no-code platform, in which the automation of processes can be made by employees without programming knowledge. The non-reimbursable financing is 1.5 million EUR, with own contribution of 0.5 million EUR. By taking over the majority shares in Nenos Software Srl and Nonlinear Srl, Bittnet consolidates its position in the software development division, entering at the same time the artificial intelligence sector. Nenos Software and Nonlinear have been consolidated in the financial statements since September 2021.

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

Global Resolution Experts S.A. (Tax registration number 34836770), 60% owned by Bittnet Systems, is a professional services company in the cybersecurity area, offering penetration testing Systems, as well as design, implementation and maintenance of cybersecurity solutions. GRX wholly owns GRX Advisory SRL (Tax registration number 43813325), with similar services. The Group initially acquired a 74% stake in the "parent" company – GRX – in December 2021, and subsequently in the end of 2021 attracted a number of individual and corporate investors by selling a share of 14% of GRX shares. The price paid for 74% of GRX shares amounts to RON 11,425,600, of which RON 5,150,400 was paid in December 2021 and RON 6,275,200 was paid between March and April 2022, after the completion of the audit for the 2021 financial results. The sale price for 14% of the shares held in GRX was RON 3,472,631, which was received in full in December 2021 – January 2022. The services provided by GRX are similar to those provided by ISEC: professional services in the cybersecurity area: IT compliance audit, Penetration testing services for web applications and IT infrastructure, for beneficiaries in Romania and the European Union; Design, implementation and maintenance services of IT management and information security systems for compliance with ISO27001, ISO9001, ISO20000 standards; Design services of IT security controls and systems to be implemented (VPN, Antivirus/AntiX, DLP, NAC, IDS/IPS); IT infrastructure technical solutions architecture design services for the integration of financial IT systems in the Public Cloud; IT infrastructure technical solutions architecture design services for the implementation of complex IT systems in the public sector (without participation in the implementation of these solutions by the beneficiaries). GRX and GRX-A have been consolidated in the financial statements as at 31.12.2021 at balance sheet level only. From January 2022, GRX and GRX-A have been fully consolidated in the Group's financial statements.

Top Tech

Founded in 1992, Top Tech SRL (Tax registration number: 2114184) is a Romanian company, integrator of IT&C products and services, doing business in the Transylvania area. Currently, TopTech has partnerships in place with some of the most important technology manufacturers, such as Dell or HP, for the delivery of technological equipment, solutions and services. The company has more than 80 employees and

BITTNET SYSTEMS SA
ANNUAL FINANCIAL STATEMENTS for the financial year 2022
(all the amounts shall be expressed in RON, unless otherwise provided)

collaborators being one of the most important IT integrators in the central and western part of Romania. TopTech has offices in Deva, Sibiu, Timisoara, Cluj-Napoca, Alba-Iulia and Medias. As a result of this transaction, Bittnet Group has expanded its geographical coverage nationwide in the IT&C integration industry. After signing the closing in early September and registering the new shareholding structure with the Trade Register, Dendrio Solutions SRL holds 60% of Top Tech, while Bittnet Systems SA holds 40%. The total amount of the transaction price is RON 12,874,306, of which RON 5,000,000 will be settled in BNET shares in a future share capital increase; the cash component, amounting to RON 7,874,306, was fully paid in September 2022. In March 2023, the parties signed an additional act to the sale-purchase agreement, by which they agreed that the amount of RON 2,000,000.11, related to tranche 2, should be paid in cash by payment order, and the amount of RON 2,999,999.89 to be converted into BNET shares in the capital increase carried out in quarter 1, 2023. The bank transfer was made in March 2023. In December 2022, Bittnet Systems announced to its investors the co-optation of the investment fund Agista Investments in the Top Tech shareholding. The transaction was carried out through the sale by the subsidiary company Dendrio Solutions SRL of 56 shares, representing 14% of the share capital and voting rights of Top Tech, for the amount of RON 3,000,000. Following the co-optation of Agista as an investor in Top Tech, the shareholding structure of Top Tech is as follows: Bittnet Systems holds 160 shares, representing 40% of Top Tech, and Dendrio Solutions SRL holds 184 shares, representing 46% of Top Tech. Top Tech has been consolidated in the financial statements from October 2022.

2Net Computer

2NET Computer SRL (Tax registration number 8586712) is a Romanian company with more than 20 years of experience in providing IT&C products and services with a focus on the Brasov area and the central area of the country for local and international customers with presence in Brasov, Harghita and Covasna counties. 2net Computer provides technology products and solutions from leading international vendors, including: design and implementation of technical security systems; technology solutions & services for equipment configuration, servers, storage, networking, software, virtualization, hardware & software security; marketing of hardware components / PCs / printers, copiers & MFPs / scanners. The total amount of the transaction price is RON 5,241,931, which will be paid in full in September 2022. 2Net Computer SRL has been consolidated in the financial statements since October 2022.

b) Investments accounted for using the equity method

	<u>31 Dec 2022</u>	<u>31 Dec 2021</u>
E-Learning Company	2,919,939	1,996,840
Total	<u>2,919,939</u>	<u>1,996,840</u>

The E-Learning Company

According to the mandate granted by the General Meeting of Shareholders in November 2020, the Group's management completed negotiations for the acquisition of 23% of the share capital of The E-Learning Company (ELC) in January 2021. The E-Learning Company has a portfolio of solutions and various products structured in several directions covering areas such as personal and professional development, communication, sales and negotiation, marketing, human resources, project management, Microsoft Office, finance, English, etc. The total value of the transaction is dimensioned at the amount of RON 2.5 million.

BITTNET SYSTEMS SA
ANNUAL FINANCIAL STATEMENTS for the financial year 2022
(all the amounts shall be expressed in RON, unless otherwise provided)

Payment to the founders of E-Learning Company will be made in two stages, according to Decision no. 6 of Bittnet EGMS from November 2020, through a mix of cash and BNET shares:

- the first instalment amounting to Ron 850,000 was fully paid in cash, the amount of 450,000 during Q1 2021, and the rest in April 2021. Bittnet's management has decided to pay in full the 1st instalment in cash considering the long period of time for processing the operation of clearing with shares to the founders of the previous M&A transactions – the acquisition of 25% of Softbinator and 99% of Equatorial Gaming.
- the second instalment in the amount of RON 1,682,690 (which was calculated after the closing of financial statements on 31.12.2021) and was paid 50% in cash in April 2022, and the remaining 50% would have been paid in BNET shares in an operation of capital increase. In March 2023, the parties signed an additional act to the sale-purchase agreement shares, by which they established that the remaining 50% of the value of tranche 2 should be paid in cash by bank transfer.

As a result of the investment contract, Bittnet has allocated a position in the Board of Directors of E-Learning Company, a position that will be occupied by Ivylon Management SRL through Logofatu Cristian. Bittnet has decided to participate in ELC in order to reach certain minimum profitability limits, which is why, in the coming years, the distribution of dividends will be pursued, so that Bittnet can achieve a return of at least 18% annually provided that ELC to achieve a degree of profitability at least equal to this percentage. Following Bittnet Systems' entry into the shareholding, the parties also signed a loan agreement by which the Issuer made available to The E-Learning Company the amount of RON 240,000 for financing the working capital for a maximum period of 3 years and an interest of 10 % per year. The loan was repaid in full during May 2022.

c) Other financial assets (securities) at fair value

	<u>31 Dec 2022</u>	<u>31 Dec 2021</u>
Softbinator Technologies	12,308,834	15,270,453
Safetech Innovations	-	632,560
Arctic Stream	1,481,550	1,791,601
Chromosome Dynamics	-	225,270
Total	<u>13,790,384</u>	<u>17,919,885</u>

Softbinator Technologies

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

Softbinator is a product development company, specializing in the design, development and market launch of software products with a focus on Fintech, MedTech/HealthTech and EdTech for customers in Europe, North America and Asia.

Softbinator is involved in the development of software products, web and mobile solutions for digitizing the education process, lifestyle/medical and health, e-payments, e-commerce, online gaming and has

BITTNET SYSTEMS SA
ANNUAL FINANCIAL STATEMENTS for the financial year 2022
(all the amounts shall be expressed in RON, unless otherwise provided)

ticked in 2020 areas unexplored in previous years through digital banking (including crypto), the Internet of Things (IoT), Automotive and it explored a new vertical in e-commerce expertise: marketplaces.

Softbinator Technologies share listing (trading symbol: CODE)

At the end of August 2021, Softbinator Technologies announced its intention to list on the AeRO market of the Bucharest Stock Exchange (under the trading symbol CODE) by the end of the year. Prior to the listing, Softbinator Technologies also announced its intention to conduct a private placement to raise capital to scale up the company internationally.

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

a) Convening of the General Meeting of Shareholders

The shareholders of Softbinator Technologies decided on 09.09.2021 to lower the nominal value of one Softbinator Technologies share from RON 1 per instrument to RON 0.1 per instrument. As a result of the reduction/split of the nominal value, new shares were issued to existing shareholders in a ratio of 9:1 (nine new shares issued for each share held at the record date).

Following this transaction, Bittnet Systems held a total of 225,000 shares, representing 25% of the 900,000 issued shares of Softbinator Technologies.

b) Increase of the share capital by RON 10,000

The shareholders of Softbinator Technologies decided on 09.09.2021 to increase the share capital by the amount of RON 10,000, which was allocated from the retained earnings, by issuing 100,000 shares with a nominal value of RON 0.1. The shares were allocated in proportion to the holdings of each shareholder. As a result of the increase, the share capital of Softbinator Technologies reached a subscribed and paid-up capital worth RON 100,000, divided into 1,000,000 shares, while the shareholder Bittnet Systems was allocated 25,000 new shares free of charge, with a nominal value of RON 0.1 per share and a total nominal value of RON 2,500.

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

c) Assignment of newly issued shares as treasury shares

The shareholders of Softbinator Technologies unanimously resolved on 09.09.2021 that 10% of the total number of shares held, i.e. all the shares issued and allotted as a result of the capital increase operation described above, be made available to Softbinator Technologies as treasury shares for the purpose of trading in the private placement. In this respect, the shareholder Bittnet Systems has transferred to the treasury of Softbinator Technologies a number of 25,000 CODE shares at a nominal value of RON 0.1 per share, for which it received the equivalent amount of RON 2,500 – nominal value.

Following this operation, Bittnet Systems held a total of 225,000 shares, representing 22.5% of the total shares of Softbinator Technologies, and 25% of the voting and profit-sharing rights, taking into account that treasury shares do not have voting rights and cannot receive dividends.

d) Transfer of Softbinator shares

BITTNET SYSTEMS SA
ANNUAL FINANCIAL STATEMENTS for the financial year 2022
(all the amounts shall be expressed in RON, unless otherwise provided)

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

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

e) Private placement performance

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

Essential reasoning – Reclassification of Softbinator Technologies investment from equity securities to fair value through profit and loss account

Following the operations described above, the Bittnet Group has reviewed the classification of the investment in Softbinator Technologies as at 30.09.2021.

Thus, taking into account the fact that at the time of Bittnet's investment in Softbinator, one of the essential elements of the operational construction was Bittnet's access to the capital market to support Softbinator's development projects, and that this differentiating element disappeared with Softbinator's direct access to the capital market through the private placement with CODE shares, the Group's management took the decision to give up its involvement in the management of Softbinator Technologies' business. Otherwise, the 188,980 shares held on 30.09.2021, representing 18.898% of Softbinator Technologies' capital, will remain in the Group's portfolio for sale. In addition, in December 2021 the Group also formally relinquished its position on the Board of Directors of Softbinator Technologies through Ivylon Management.

The Group has examined in the framework of the provisions of IAS 28, Article 6 a)-e), the criteria for exercising significant influence over entities in which there is an ownership, concluding the following:

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

As such, the Group's Management has concluded that it no longer exerts nor intends to exert significant influence over Softbinator Technologies as of 30.09.2021. As such, the Group has decided to reclassify the

BITTNET SYSTEMS SA
ANNUAL FINANCIAL STATEMENTS for the financial year 2022
(all the amounts shall be expressed in RON, unless otherwise provided)

remaining holding in Softbinator Technologies as at 30.09.2021 from equity securities to securities held at fair value.

As of 31.12.2021, the investment in Softbinator Technologies shares was revalued using the average trading price on the AeRO market as at 31.12.2021.

Safetech Innovations

The assessment at fair value

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

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

In January 2021, Safetech shares were listed on the AeRO-SMT market under the SAFE trading symbol, at a price approximately 400% higher than that of the private placement.

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

During the first quarter of 2022, the Group liquidated the remaining position it still held in Safetech Innovations, so that at the end of the reporting period the Group no longer held any SAFE shares in its portfolio.

Arctic Stream

The assessment at fair value

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

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

BITTNET SYSTEMS SA
ANNUAL FINANCIAL STATEMENTS for the financial year 2022
(all the amounts shall be expressed in RON, unless otherwise provided)

On July 29, 2021, the AST shares entered into trading on the AeRO market at a price approximately 40% higher than the one from the private placement.

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

Chromosome Dynamics

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

Subsequently Chromosome Dynamics conducted a private placement of shares with a view to listing on the AeRO-SMT market of the Bucharest Stock Exchange closed early. In the quotation, a number of 111,929 CHRD shares were issued, with a total value of RON 3,357,870, at a price of RON 30. The quotation reached the threshold of success, being supplemented by another RON 882,870. The transaction date was 04.10.2021, the settlement taking place in 06.10.2021 via the Central Depository System. Following the private placement Bittnet Systems holds 1.22% of CHRD shares and voting rights.

Chromosome Dynamics develops solutions oriented to the needs of farmers for process technology. CHRD is the developer of the application AGROBAZAR APP, which models the process of consultancy-sale-purchase in agribusiness, representing a one stop shop for farmers in Romania. The application provides farmers with consultancy in agribusiness, agricultural machinery and inputs – seeds, pesticides, fertilizers with over 10,000 active users so far. Under the investment agreement, Bittnet Group will have first option to deliver technology projects alongside CHRD.

As of 31.12.2021, the investment in CHRD shares was revalued by reference to the price per share of the anticipated closed private placement.

The CHRD shares were admitted to trading on 05.05.2022 on the AeRO-SMT market of the BVB.

During the third quarter of 2022, the Group liquidated the position it held in Chromosome Dynamics, so that at the end of the reporting period the Group no longer held CHRD shares in its portfolio.

BITTNET SYSTEMS SA
ANNUAL FINANCIAL STATEMENTS for the financial year 2022
(all the amounts shall be expressed in RON, unless otherwise provided)

NOTA 17. TRADE RECEIVABLES AND OTHER RECEIVABLES

Trade receivables and other receivables are presented in the following table:

	31 Dec 2022	31 Dec 2021
Customer receivables	4,235,324	2,750,038
Adjustments for customer receivables	(14.479)	(21.806)
Contractual assets	63,068	70,864
Related party loans (Note 27)	18,060,181	19,705,168
Subsidies	9,655,045	397,029
	154,820	24,695
Warranties	1,831	1,831
Other receivables	1,784,077	2,668,536
	33,939,86	
Total	6	25,596,355
Advances to suppliers	7,726	27,711
Prepaid expenses	903,629	205,862
Receivables from the state budget	510.720	153,009
	35,361,942	25,982,938
Total, of which:		
Fixed assets	26,312,865	19,961,036
Current assets	9,049,077	6,021,902

The 'Other receivables' position as at 31.12.2022, amounting to RON 1,784,077, consists mainly of: fixed assets related to M&A transactions, in progress, 714,556 RON; dividend claims Elian Solutions 577,291 RON; Equatorial Gaming dividend receivables 448,695 RON (In 2021: 2,668,536 RON, it consists mainly of: fixed assets in progress related to M&A transactions 617,927 RON; Elian Solutions dividend 577,291 RON; Equatorial Gaming dividend 448,695 RON; GRX participation sale receivable 359,976 RON) .

BITTNET SYSTEMS SA
ANNUAL FINANCIAL STATEMENTS for the financial year 2022
(all the amounts shall be expressed in RON, unless otherwise provided)

Statement of customers' net receivables per seniority:

	31 Dec 2022	31 Dec 2021
	<hr/>	<hr/>
0 days	3,147,783	2,135,549
0-30 days	286,492	212,395
31-90 days	773,703	80,951
91-360 days	12,866	175,537
over 360 days	-	123,800
	<hr/>	<hr/>
Total	4,220,844	2,728,232
	<hr/>	<hr/>

Reconciliation of customer receivables adjustments:

	2022	2021
	<hr/>	<hr/>
1 January	21,806	48,643
Adjustments during the period	-	-
Cancellation of receivables	-	-
Resume adjustments	(7.327)	(26,838)
	<hr/>	<hr/>
31 December	14.479	21,806
	<hr/>	<hr/>

Significant estimates

Impairment adjustments for trade and other receivables are recognized on the basis of the simplified approach in IFRS 9. In this process, the probability of non-payment of trade receivables is assessed, based on historical experience regarding the non-payment risk. The experience of the previous years has shown that the risk of non-collection is low, with no significant losses in recent years. However, management has estimated and recorded adjustments to the balance of receivables outstanding at the end of 2021 as follows: Bittnet – 1%; At the end of 2022 the adjustments for outstanding receivables: 0,5%.

BITTNET SYSTEMS SA
ANNUAL FINANCIAL STATEMENTS for the financial year 2022
(all the amounts shall be expressed in RON, unless otherwise provided)

NOTA 18. INVENTORY

	31 dec 2022	31 dec 2021
	<hr/>	<hr/>
Materiale	-	-
Marfuri	51,963	18,496
	<hr/>	<hr/>
Total	51,963	18,496

NOTA 19. CASH AND EQUIVALENTS

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

	31 Dec 2022	31 Dec 2021
	<hr/>	<hr/>
Bank in RON	1,224,472	4,427,213
Bank in RON - collateral cash	933,968	933,114
Bank in foreign currency	11,310,648	3,391,725
Cash in Cash Register	1,041	1,141
	<hr/>	<hr/>
Total	13,470,129	8,753,193

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

Procredit Bank.

BITTNET SYSTEMS SA
ANNUAL FINANCIAL STATEMENTS for the financial year 2022
(all the amounts shall be expressed in RON, unless otherwise provided)

NOTA 20. CAPITAL AND RESERVES

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

	31 Dec 2022	31 Dec 2021
Share capital	52,848,060	48,043,690
Issue premiums	9,738,583	14,542,953
	(20,851,261	
Other equity items)	(19,082,504)
Legal reserves	956,462	947,402
Reported result	7,042,593	(2,117,064)
Current comprehensive income	618,891	9,168,718
Total	50,353,329	51,503,195

a) Share capital

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

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

Shareholders and % held	31 Dec 2022	31 Dec 2021
Mihai Logofatu	10,85%	12,05%
Cristian Logofatu	10,14%	11,13%
Others	79,01%	76,82%
Total	100%	100%

Increase of share capital by reserves incorporation – July 2022

The share capital was increased by the amount of RON 4,804,369.10 lei by incorporating issuance premiums and issuing a number of shares free of charge for the benefit of the shareholders as of the record date (1 bonus share for every 10 shares held), pursuant to EGMS Resolution no. 2 of April 2022 and the additional opting procedure. Shareholders on the record date – 21 July 2022 – could opt online, between 29 July and 4 August, to leave these new shares at the Company's disposal for use in the incentive programmes for key persons approved in previous years by the GMS, in which case they would receive a cash distribution of RON 0.15 per 10 shares held on the record date.

BITTNET SYSTEMS SA
ANNUAL FINANCIAL STATEMENTS for the financial year 2022
(all the amounts shall be expressed in RON, unless otherwise provided)

During the option period the Issuer received a total of 234 options from 234 shareholders representing a total of 205,693,904 voting rights, i.e. 43.34% of the total voting rights of the Issuer. From the expressed options, 105 shareholders representing 175,297,189 voting rights, i.e. 36.93% of the total voting rights opted for OPTION 1 – ie for cash distribution and leaving the newly issued shares at the disposal of the company. The Company will distribute to these shareholders the amount of RON 2,629,453.80 starting from September 12, 2022, through the Central Depository system, with Banca Transilvania as paying agent.

The Central Depository has allotted, on 12.08.2022, the shares in Section 1 to the shareholders as of the record date who have opted other than for cash distribution or have not taken any option steps during the option period. At the same time, the Central Depository shall upload to the Issuer's account a number of 17,529,692 treasury shares.

Following this operation, the subscribed and paid-up share capital of Bittnet, registered in the records of the Commercial Registry, ASF and Central Depository, is RON 52,848,059.5, divided into 528,480,595 BNET shares, each with a nominal value of RON 0.1.

Increase of share capital by reserves incorporation – July 2021

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

Additionally, the share capital of Bittnet Systems was increased by issuing a number of shares free of charge for the benefit of the shareholders from the registration date (1 free share to 10 owned), according to the Decision No. 3 of the General Meeting of Shareholders of April 2021 and the Decision of the Board of Directors dated July 6, 2021.

For the actions from point 2, the shareholders from the registration date – July 21, 2021 – could opt online, between July 26 and August 3, to leave these new shares at the disposal of the Company to be used in the incentive programs for key persons, approved by the GMS, in this case collecting a cash distribution equal to the nominal value of the newly issued shares.

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

On 10.09.2021, the Central Depository allocated the shares in Section 1 to the shareholders as of the record date who opted other than for cash distribution or did not take any action during the option period. At the same time, the Central Depository shall upload to the Issuer's account a number of 16,261,096 treasury shares.

BITTNET SYSTEMS SA
ANNUAL FINANCIAL STATEMENTS for the financial year 2022
(all the amounts shall be expressed in RON, unless otherwise provided)

In connection with the operations of increasing the share capital presented above, the Board of Directors (BD) issued a Decision on July 6, 2021 which established the keeping of the allocation report of 7 free shares to 10 held on the registration date according to the mandate granted by the General Meeting of Shareholders of April 27, 2021 by the EGMS Decisions no. 2 and 3. This decision was necessary given that at the date of the GMS, the coordinates of the capital increase with free shares were applied to the entire share capital registered at that time in the records of the Trade Register (ReCom) – RON 28,260,994.30, i.e. 282,609,943 shares – values resulting from the processing of the capital increase operations decided in August 2020 and December 2020 and registered at ReCom since the end of 2020.

In this respect, in order not to disadvantage any of the shareholders from the registration date (July 21, 2021), nor the creditors from the two capital increase operations, in order for them to receive the rights resulting from the holdings of BNET shares on the date of payment of the new shares, the Board of Directors decided, according to the mandate offered by the two EGMS Decisions, to keep the increase report established by EGMS, but applied for the number of shares registered with FSA and the Central Depository (247,228,275 shares). The Decision of the Board of Directors of July 6, 2021 was issued according to the mandate given to the Board of Directors of Shareholders in the EGMS of April 27, 2021.

Therefore, in the first phase, a number of 148,336,965 shares were issued (according to the Decision of the General Meeting of Shareholders No. 2/April 27, 2021) which were distributed to all the shareholders from the registration date, July 21, 2021, proportional to the holdings and to the decision of the EGMS (6 free shares to 10 held on the date of registration). The difference of 21,229,001 shares, up to a total of 169,565,966 shares, was allocated to the entitled persons by the Central Depository given that ASF issued the registration certificate.

The same principle was applied to the capital increase decided by the Extraordinary General Meeting of April 27, 2021, at point 3, noting that those creditors who are shareholders at the registration date, 21 July 2021, will be able to opt to leave the newly issued share at the disposal of the Company and receive in exchange its nominal value. As such, in the first phase, a number of 24,722,828 shares will be issued, proportional to the holdings of all shareholders from the registration date and according to the allocation report established by EGMS: 1 free share for each 10 shares, for which it was possible to opt for the cash distribution of the nominal value or for allotment in the Depository. The difference of 3,538,167 shares, up to a total of 28,260,995 shares, resulting from the application of the increase ratio on the entire capital registered in the records of the Trade Register, was allocated to the entitled persons by the Central Depository in view of the fact that the ASF issued the registration certificate.

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

Share capital increase new contributions - February - March 2021

Between January and March 2021, the offer period took place within the capital increase with new cash contributions approved by the EGMS Decision no. 4 of April 29, 2020. Thus, in Phase 1 – carried out between January 27 and February 25, 2021 - 17,359,142 new shares (95.49% of the total) were subscribed at the price of RON 0.59 per share. The price provided in the offer (composed of the nominal value plus the issue

BITTNET SYSTEMS SA
ANNUAL FINANCIAL STATEMENTS for the financial year 2022
(all the amounts shall be expressed in RON, unless otherwise provided)

premium) was determined according to the EGMS Decision and the formula approved by it for the issue premium: $[(\text{average trading price last 30 days}) / 1,2] - 0,1$.

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

During the two phases of the capital increase operation, the 18,178,550 new shares were subscribed, i.e. 100% of the issue, the Company raising a financing amounting to RON 10,733,538.58. Following the subscriptions of the 18,178,550 new shares were allocated in the subscribers' accounts a number of allocation rights (symbol BNETRo9) equal to the total number of subscribed shares. The allocation rights entered into Trading within the BVB Regulated Market starting with April 10, 2021 after receiving the CIIF and their registration in the FSA records as financial instruments.

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

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

b) Issue premiums

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

c) Legal reserve

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

d) Other equity items

Essential reasoning – recognition and assessment of SOP

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

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

BITTNET SYSTEMS SA
ANNUAL FINANCIAL STATEMENTS for the financial year 2022
(all the amounts shall be expressed in RON, unless otherwise provided)

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

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

Significant estimates - SOP evaluation

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

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

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

SOP 2019

By the Decision of the General Meeting of Shareholders No. 4 of 24 April 2019, the shareholders of the Company voted an incentive plan with options for key persons with a duration of 2 years, amounting to maximum 5% of the total shares of the Company. The maturity of the options was in May-June 2021, so that the key persons included in SOP2019 had the right (not the obligation) to purchase shares of the Issuer at the price related to the stock market capitalization on 31 December 2018.

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

The settlement method of the incentive program with options in this way is a premiere and could be implemented as such due to the treasury shares loaded into the Company's account in December 2020. These actions were acquired by the Issuer following the implementation of the Decision of the General Meeting of Shareholders No. 3 of April 2020 and the special opt-in procedure carried out in the summer of last year. By this, the shareholders from the registration date July 21, 2020 could choose to receive the nominal value of the newly issued share and thus leave the share at the disposal of the Issuer for the implementation of the incentive programs for key persons.

SOP2020A & SOP2020B – “SOP2020”

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

BITTNET SYSTEMS SA
ANNUAL FINANCIAL STATEMENTS for the financial year 2022
(all the amounts shall be expressed in RON, unless otherwise provided)

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

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

Under this incentive plan, 24 key persons notified the Company of the purchase of a total number of 40,428,754 BNET shares pursuant to the option contracts entered into under the incentive plans "SOP2020A" and "SOP2020B" approved by the aforementioned AGEA resolutions, hereinafter cumulatively referred to as "SOP2020".

The strike price of the options under SOP2020 was calculated, according to the approved incentive plans, taking as reference the market capitalization as of 31.12.2019 for SOP2020A, i.e. the value of RON 113,000,000, namely the market capitalization as of 21.04.2020, for SOP2020B, i.e. the value of RON 101,445,399. Thus, the resulting strike price is RON 0.235203/share for SOP2020A and RON 0.211152/share for SOP2020B.

Considering that the amounts of money that should have been paid by the key persons to the company on account of the shares acquired under SOP2020 through the options' strike price could have been paid by various methods, one of these being the sale on the market of a portion representing the equivalent of approximately 65% of the shares subject to SOP2020, and this additional volume could have thrown off the balance between supply and demand, the Group's management has decided that the 24 key persons will be paid in shares the economic value of the options under the incentive programme, i.e. 26,020,845 shares. The economic value of the option is the difference between the market price and the purchase price in the SOP (strike price of the option), multiplied by the number of options. The total number of shares was calculated by dividing the economic value of the option by the price of RON 0.34 per share (the price approved by the GMS for the implementation of a buyback programme).

The allocation of shares representing the economic value of the option was made without the need for a cash consideration from the key persons. Thus, the 24 key persons were settled a total of 26,020,845 BNET shares, transferred by the Central Depository from the Issuer's treasury shares.

SOP 2021

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

SOP 2022

By EGMS Decision no. 7 dated April 20, 2022, the Company's shareholders voted a stock option plan for key persons with a duration of 2 years, amounting to a maximum of 5% of the Company's total shares.

BITTNET SYSTEMS SA
ANNUAL FINANCIAL STATEMENTS for the financial year 2022
(all the amounts shall be expressed in RON, unless otherwise provided)

NOTA 21. BONDS

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

	31 Dec 2022	31 Dec 2021
BNET23	4,690,017	4,661,869
BNET23A	9,639,901	9,540,798
BNET23C	9,991,667	9,841,667
BNET26E	9,609,806	-
Accrued interest	872.768	872.768
Total, of which:	34,804,159	24,917,101
Long-term share	9,609,806	24,044,334
Short-term part (interest)	25,194,352	872.768

In 2016, 2017, 2018 and 2022, the Group carried out bond offerings maturing in 2019, 2022, 2023 and 2026, through which it obtained 'committed' financing of over RON 40 million from the capital market (all issues are listed on the BVB).

BNET23

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

NBET23 bonds have a nominal value of RON 100, a maturity of 5 years and an annual interest rate of 9%, payable quarterly. The placement was subscribed by 32 individuals, 1 legal entity and 3 open investment funds. Due to the increased interest, the offer was closed 9 days before the end of the subscription period, which was initially set for 13 July.

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

BNET23A

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

BNET23A bonds have a maturity of 5 years, a fixed interest rate of 9% per year, payable semi-annually and the allocation date was 28 December 2018. The Group used the amounts attracted within the BNET23A issue to finance the IT&C business transfer from Crescendo International SRL and its integration into the

BITTNET SYSTEMS SA
ANNUAL FINANCIAL STATEMENTS for the financial year 2022
(all the amounts shall be expressed in RON, unless otherwise provided)

Bittnet Group structure, as approved by the Extraordinary General Meeting of Shareholders on 17 December 2018 and the investment contract described in the Current Report 22/15.10.2018.

The NBET23A bond issue entered into trading on the ATS-Bond market of the Bucharest Stock Exchange on February 18, 2019.

BNET23C

Between 14 and 18 January 2019, the company carried out a private investment by which it carried out the 5th bond issuance - BNET23C, by which it attracted subscriptions in the total amount of RON 10,000,000, which represents 100,000 bonds, the maximum value of the BNET23C issue, in accordance with the Decision of the Sole Administrator and the Tender Document and according to the Extraordinary General Meeting of Shareholders Decision of 25 April 2018. BNET23C bonds are nominative, dematerialized, corporate, non-convertible and unsecured. BNET23C bonds have a nominal value of RON 100, a maturity of 4 years, and a fixed interest of 9% per year, payable semi-annually. The syndicate of intermediation for sale consisted of S.S.I.F. Tradeville S.A. and S.S.I.F. Goldring S.A. The investment attracted was used to finance the working capital and the ongoing activities of the Bittnet Group. The BNET23C bonds were tradable on the AeRO market from 17.04.2019 until their redemption at maturity on 12.01.2023.

BNET26E

From 21 to 27 December 2022, the issuer conducted a offer for sale through private placement of a corporate bond issue, denominated in EUR, under which 20,596 bonds were subscribed by 53 individual, legal and professional investors. The amount raised in this bond round is EUR 1,961,144. The nominal value of the instrument is EUR 100/bond and the total amount of the issue is EUR 2,059,600. The annual coupon is 9% and will be paid quarterly via the T2S mechanism and to the Central Depository. Redemption of the nominal amount shall be done at 3.5 years and will take place on 30.06.2026. BNET26E bonds are traded on the BVB Reregulated Market, category dedicated to corporate bonds, starting 07.03.2023.

BITTNET SYSTEMS SA
ANNUAL FINANCIAL STATEMENTS for the financial year 2022
(all the amounts shall be expressed in RON, unless otherwise provided)

NOTA 22. BANK LOANS

Details regarding bank loans are presented in the following table:

	31 dec 2022	31 dec 2021
ProCredit – long term	167,937	1,130,728
Total:	167,937	1,130,728
Long term	-	165,607
Short term	167,937	965,120

ProCredit Bank

In February 2020, Bittnet Systems converted the loan product amounting to RON 2,790,000 also contracted with ProCredit Bank from a revolving overdraft into a loan with monthly repayments of principal and interest. The new maturity of the loan was set for a period of 36 months and the interest rate remained unchanged, ROBOR 3M + 2.5%.

Also, in December 2020, the Group informed shareholders about the signing by Dendrio Solutions of a bank loan agreement by with ProCredit Bank. The total amount of the facility is RON 5,000,000 and the purpose of the loan is to finance Dendrio Solutions' working capital and current activities. The maturity of the product is 36 months and the interest rate is ROBOR 3M + 3% per year. The collateral for this loan product was: cash collateral deposit for 10% of the facility amount.

On July 23, 2021, the Addendum for the extension of the credit line – revolving overdraft amounting to Ron 4.5 million – contracted by Dendrio Solutions from ProCredit Bank in July 2019 was signed. The extension was made for a period of 24 months and under the same conditions with the initial credit agreement. The interest rate remained ROBOR3M + 2.4% p.a., and the destination of the product is to finance the working capital and the current activity of Dendrio Solutions.

Banca Transilvania (BTRL)

On 06.09.2022 Dendrio Solutions contracted a credit product in the form of a ceiling – investment loan – from Banca Transilvania in the maximum amount of RON 11,000,000 financing 75% of the price of the transactions for the acquisition of shares of TopTech SRL and 2NET Computer SRL. The investment loan was contracted for a period of 7 years and the repayment method is monthly, by constant instalments. The annual interest rate is variable and consists of the 3-month ROBOR index plus the Bank's fixed margin of 2.50%. The collateral for this loan product are the chattel mortgage on the Dendrio Solutions accounts opened with Banca Transilvania, the chattel mortgage on the shares acquired in the two companies, the guarantee from Bittnet Systems as co-signer, the guarantee issued by the European Investment Fund. Dendrio Solutions has made 2 drawdowns from this ceiling, after signing the closing procedures with the selling shareholders of the two target companies, paying the consideration of the acquired shares. The 2 drawdowns amounted to RON 9,724,885.

BITTNET SYSTEMS SA
ANNUAL FINANCIAL STATEMENTS for the financial year 2022
(all the amounts shall be expressed in RON, unless otherwise provided)

On 20.10.2022, the issuer informed the investors about the signing of a credit agreement with Banca Transilvania ("BT"). The agreement is in the form of a ceiling/line of credit – revolving overdraft – in the amount of EUR 1.8 million and is intended to finance the working capital and current activities of Dendrio Solutions SRL. The maturity is of 12 months with the possibility of extension and the interest rate is EURIBOR 6M+2.15% per year. The guarantees constituted for this loan are: chattel mortgage on all the outstanding receivables of the borrower, mortgage on the bank accounts opened at Banca Transilvania and trust agreement on behalf of the majority shareholder, Bittnet Systems SA.

The drawdowns from the BT loan will provide the pre-financing component for Dendrio Solutions' current and future IT&C integration projects, thus strengthening the Group's bank financing structure. The Group's management has chosen to explore the opportunity to borrow in foreign currency in view of the evolution of monetary policy interest rates over the last year, which has led to an increase in interest rates on RON loans.

In December 2018, Dendrio Solutions SRL contracted a credit cap banking product from Banca Transilvania. The total value is RON 1,000,000, for a period of 15 months and allows quick access to the following facilities: corporate credit line; issuance ceiling for various types of non-cash GSB (bank guarantee letters, participation in tenders, letters for good execution, guarantee of payment to suppliers, refund of advance payment, etc.). Interest on this facility is composed of: ROBOR3M+3.8% and is calculated on the amount actually used.

Dendrio Solutions uses this banking product in order not to tie up its own cash resources in order to issue letters of guarantee and, where necessary, to release cash from guarantee instruments that required, in the past, the blocking of its own cash.

The company informed the investors, on 10.11.2021, about the extension of the credit agreement between Dendrio Solutions and Banca Transilvania, (contracted in December 2018) for the ceiling of issuing bank guarantee letters and at the same time the addition of the maximum limit of use up to RON 2,300,000, under the following conditions: the product of the corporate credit line type will have a validity of 24 months with the possibility of extension; the destination of the ceiling is for the issuance of all types of bank guarantees in the national currency (bank guarantee letters for the proper execution of contracts, for participation in bidding procedures, guaranteeing the payment of suppliers, refunding advances etc.) and the interest is ROBOR6M+5.6% per year applied to the used balance.

Guarantees provided: chattel mortgage on Dendrio Solutions accounts opened with Banca Transilvania and Bittnet Systems SA sole associate guarantee.

BITTNET SYSTEMS SA
ANNUAL FINANCIAL STATEMENTS for the financial year 2022
(all the amounts shall be expressed in RON, unless otherwise provided)

NOTA 23. LEASING LIABILITIES

The group has concluded long-term operational leasing contracts for technical equipment with final terms in 2023-2026.

	<u>31 Dec 2022</u>	<u>31 Dec 2021</u>
Short-term share	2,646,803	262,147
Long-term share	<u>14,923,783</u>	<u>550,256</u>
Total	<u>17,570,586</u>	<u>812,403</u>

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

Leasing liabilities	Spaces	Equipments	Cars	Total
On 01 January 2021	3,084,763	987,157	161,877	4,233,797
Inputs	-	417,693	110,382	528,075
Outputs	(2,828,567)	-	-	(2,828,567)
Interest and exchange rate differences	95,210	229,347	16,830	341,387
Leasing payments	(351,406)	(1,024,188)	(86,698)	(1,462,291)
Right of use	Spaces	Equipments	Cars	Total
1 ianuarie 2021	871,977	769,695	155,407	1,797,079
Inputs	-	28,735	101,519	130,253
Outputs	(754,882)	(479,545)		(1,234,427)
Amortisation	(117,094)	(124,961)	(74,441)	(316,497)
31 decembrie 2021	-	193,923	182,484	376,408
Inputs	8,150,668	729,408	-	8,880,076
Outputs	(506,708)	-	(3,973)	(510,680)
Amortisation	(763,262)	(172,161)	(73,161)	(1,008,583)
31 decembrie 2022	6,880,699	751,172	105,352	7,737,222

BITTNET SYSTEMS SA
ANNUAL FINANCIAL STATEMENTS for the financial year 2022
(all the amounts shall be expressed in RON, unless otherwise provided)

NOTA 24. TRADE LIABILITIES AND OTHER LIABILITIES

Trade and other liabilities are detailed in the following table:

	<u>31 Dec 2022</u>	<u>31 Dec 2021</u>
Suppliers	4,793,681	2,844,799
Employed debts	149,494	60,357
Other liabilities	11,160,871	11,781,611
Debts for the purchase of shares	48,987	128,314
Provisions		
Total financial liabilities	16,153,033	14,815,081
Advances to customers	11,297	43,229
VAT	-	-
Other budget liabilities	104,629	(2,954)
Prepaid income	293,807	263,845
Total, of which:	16,562,766	15,119,201
Long-term debt (purchase of equity interests)	0	624,136
Current debts	16,562,766	14,495,065

BITTNET SYSTEMS SA
ANNUAL FINANCIAL STATEMENTS for the financial year 2022
(all the amounts shall be expressed in RON, unless otherwise provided)

NOTA 25. INFORMATION REGARDING THE RELATION WITH RELATED PARTIES

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

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

	<u>2022</u>	<u>2021</u>
Management contracts	917.395	715.116
SOP expenditure	275.967	553.977
Total	<u>1,193,362</u>	<u>1,269,093</u>

On December 31, 2022, the debts related to the management contracts amount to RON 87,093 (December 31, 2021: RON 62,093).

BITTNET SYSTEMS SA
ANNUAL FINANCIAL STATEMENTS for the financial year 2022
(all the amounts shall be expressed in RON, unless otherwise provided)

Tranzactii / Solduri – 2022/31 dec	Vanzari	Creante	Achizitii	Datorii
	2022	31 dec 2022	2022	31 dec 2022
Dendrio Solutions	249,526	960,084	-	95,032
Computer Learning Center	5,047	8,122	78,721	31,129
Elian Solutions	-	6,004	311,800	211,435
Equatorial Gaming	-	75,394	140,542	71,036
IT Prepared	1,261	7,086	18,492	8,788
Nenos Software	-	12,088	11,569	
Top Tech	7,108		698	830
Total	262,942	1,068,779	587,434	418,260
Tranzactii / Solduri - 2021/31 dec	Vanzari	Creante	Achizitii	Datorii
	2021	31 dec 2021	2021	31 dec 2021
Dendrio Solutions	76,199	231,388	56,949	50,828
Computer Learning Center	54,958	65,400	14,845	-
Elian Solutions	-	252,893	18,532	8,963
Equatorial Gaming	-	23,282	93,288	53,356
IT Prepared	-	765		
Total	131,157	573,728	183,613	113,147
Alte active financiare	31 dec 2022	31 dec 2021		
Active subinchiriere	9,655,045	397,029		
Dendrio Solutions - imprumut	16,225,734	17,912,585		
Equatorial Gaming - imprumut	-	54,111		
ISEC Associates - imprumut	655,455	378,667		
Computer Learning Center - imprumut	1,178,992	1,098,501		
E-Learning Company - imprumut	-	261,304		
Total	27,715,227	20,102,197		

The loans granted to Dendrio Solutions were granted to finance the working capital and to finance the acquisition of the IT&C business in Crescendo. The interest on the loan is aligned with the cost of financing through bond issues (9% p.a.). In December 2020, the amount of 5,000,000 RON was converted into share capital.

The loans to Computer Learning Center and ISEC Associates were granted for working capital financing. The interest on loans is aligned with the cost of financing through bond issues (9% p.a.).

BITTNET SYSTEMS SA
ANNUAL FINANCIAL STATEMENTS for the financial year 2022
(all the amounts shall be expressed in RON, unless otherwise provided)

The loan to The E-Learning Company was granted to finance the working capital for a maximum period of 3 years and with an interest rate of 10% per year. The loan was repaid in full (principal + interest) in May 2022. Interest income was in the amount of RON 1,538,171 in the financial year 2022 (2021: RON 1,465,022)

NOTA 26. CONTINGENT LIABILITIES

a) Protection of personal data

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

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

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

b) Risk associated with changing legislation and taxation in Romania

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

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

c) Transfer price

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

The taxpayers conducting related party transactions are responsible to prepare transfer pricing documentation, which must be submitted at the request of the tax authorities during the tax inspection.

Thus, it is likely that the transfer pricing checks will be carried out in the future by the tax authorities, in order to determine whether the respective prices comply with the "normal market conditions" principle and that the Romanian taxpayer's taxable base is not distorted.

d) Disputes

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

File 30598/3/2021 – litigation Bucharest Mall Development and Management

Throughout 2021, the Group became aware of the existence of file 30598/3/2021 pending at Bucharest Court, in contradiction with the owner of the former office space - Bucharest Mall Development and Management S.R.L. ("Anchor" or the "Owner").

In February 2022, the Group (or the "Tenant") took note of the content of this file and the value of the claims, as follows:

- i) RON 267,214.96 representing rent, tax on services and utilities;
- ii) RON 100,109.95 representing late payment penalties related to the principal amount; and
- iii) RON 3,632,709.91 representing compensatory damages (criminal clause).

Taking into account the approval given by the GMS in September 2021 regarding the expansion of office space and classrooms, 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 Group exercised, pursuant to Article 4.1 of the Contract, the option to expand the Space with an additional area of 3,500 square meters of office space, unfragmented and on the same floor as the existing Space "inside the Building or in another building owned by the Owner or another company in its group (benefiting from similar commercial and technical conditions – i.e. to be a class A office building and to be located within walking distance of a metro station)", based on the notification sent to the Owner on 10.12.2020.

According to the contractual provisions mentioned above "The Tenant will notify the Owner of the need/intention to expand the office Space, if necessary, 4 (four) calendar months before May 2021". Through the response communicated by email on 12.01.2021, the Owner informed the Group about the following:

- i) does not have a free area for rent of the requested size, but a reduced area, namely 2,563.14 sqm of which only the area of 1,495.61 sqm has a certain availability, the difference of 1,067.53 sqm having an uncertain situation, namely its availability is conditional on the relinquishment (unlikely, as it follows from the communicated response) of its use by another tenant;
- ii) the availability of the space differs, there being a gap of 3 months between the space available on the same floor (in area of 1,495.61 sq m) and that located on a different floor (1,067.53 sq m); and

BITTNET SYSTEMS SA
ANNUAL FINANCIAL STATEMENTS for the financial year 2022
(all the amounts shall be expressed in RON, unless otherwise provided)

- iii) the proposed area is offered under different commercial and/or technical conditions than those on the basis of which the use of the existing space was agreed (i.e. different duration, the need to bear some refurbishment costs, etc.).

On 18.01.2021, the Owner sent to the Group the Notification regarding the technical and commercial proposal for the expansion of the space, in accordance with the information previously communicated by email sent on 12.01.2021. Consequently, the conditions for the unilateral termination of the contract, as notified by the Group on 01.27.2021, have been met.

In the correspondence between the parties prior to the formulation of the summons request, Anchor contested the unilateral notice of termination of the Group, and considering the Contract as being in force, continued to issue invoices after the termination of the Contract by unilateral termination. The Group has maintained and confirmed its position by refusing to pay invoices issued after the termination date in the absence of a contractual relationship.

Through the Notification dated April 23, 2021, the Group requested Anchor to deduct the remaining rent payments until the date of termination of the contract as a result of the unilateral denunciation by the Renter (i.e. the remaining rent payments for the months of March - May 2021) with the Guarantee provided by the Tenant according to Annex 5 to the Contract, as it was increased by Additional Act no. 2/14.01.2019 to Bank Guarantee Letter no. 246/12.06.2017.

On August 4, 2021, the Anchor sent its own notice of termination of the Contract citing the fault of the Tenant for non-payment of invoices, at the same time requesting compensatory damages according to the penal clause. Also, on 1.09.2021, Anchor executed the Guarantee provided by the Renter according to Annex 5 to the Contract.

On 23.09.2021 the Group notified the Owner regarding the fact that the Notice of Termination sent on 04.08.2021 is without object, considering that the respective Contract was already terminated as a result of the Notice of Unilateral Denunciation sent by the Group on 27.01.2021, and Bittnet's unilateral manifestation of will, unequivocal and firm in the sense of denunciation, is sufficient to produce effects and operates legally and irrevocably from the date of its communication.

Therefore, the court will have to clarify the date and manner of termination of the Contract, respectively either on May 27, 2021 based on the unilateral denunciation by the Tenant, or on August 4, 2021 based on the termination invoked by the Owner, following that the material claims that are the subject of this action to be resolved according to the court's ruling in this regard.

At the first term of the trial on 10.06.2022, the court asked the plaintiff to indicate the amount of the annual rent owed under the rental contract and the method of calculating it, the corresponding documents, with the mention of proving the payment of the court fee of stamp, calculated at this value, until the next court term of 14.10.2022, under penalty of cancellation. The plaintiff requested the re-examination of the stamp duty, a request that was rejected. The plaintiff paid the stamp duty in full.

By the conclusion of the session dated 24.10.2022, the court extended the ruling on the testimonial evidence after submitting the answers to the interrogation and an accounting expert was appointed in order to draw up the expert report with the following objectives, agreed to by the defendant:

1. The amount of Rent and Penalties owed by the Defendant outstanding on the date of the filing of the summons referred to 27.05.2021 as the date of termination of the contract.

BITTNET SYSTEMS SA
ANNUAL FINANCIAL STATEMENTS for the financial year 2022
(all the amounts shall be expressed in RON, unless otherwise provided)

2. The Amount of Rent and Penalties owed by the Defendant outstanding on the date of the filing of the summons, reported on 24.08.2021 as the date of termination of the contract.
3. The separate value of the costs of utilities and services for the period March-May 2021 and of the penalties related to 27.05.2021 as the date of termination of the contract.
4. The separate value of the costs of utilities and services for the period June-August 2021 relative to 24.08.2021 as the date of termination of the contract.
5. The correctness of the method of calculation of the sums requested for payment through the summons request, respectively the sums of 267,214.96 lei, representing rent, service tax and utility costs, 100,109.95 lei representing late penalties and 3,632,709, 91 lei, representing compensatory damages, according to the plaintiff's request.

The parties responded to the questioning and by the conclusion of the session dated January 27, 2023, the court approved the testimonial evidence with 2 witnesses who were heard in the session of 03.10.2023. Until the deadline of 10.03.2023, the appointed expert did not submit the expert report and requested a postponement without specifying a deadline for its completion.

Due to the lack of the expert report, the court granted a new deadline of 21.04.2023. At this moment, the case is still in the judicial investigation phase, the evidence being approved and partly administered. Considering the current stage of the procedure at the date of this report (March 2023) and the complexity of the evidence (submissions, interrogatories, testimonial evidence and expertise), the Group's Management considers any evaluation of the chances or the procedures, in the sense of establishing provisions that affect the results, to be premature the year 2022.

e) Environmental aspects

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

NOTA 27. SIGNIFICANT ACCOUNTING POLICIES

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

a) Grounds for consolidation

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

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

b) Non-controlling interests

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

c) Associated entities

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

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

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

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

d) Goodwill

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

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

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

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

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

e) Revenue recognition

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

Obligations to be fulfilled and revenue recognition methodology

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

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

Determination of transaction price

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

Allocation of amounts to be executed

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

Costs for obtaining contracts

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

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

BITTNET SYSTEMS SA
ANNUAL FINANCIAL STATEMENTS for the financial year 2022
(all the amounts shall be expressed in RON, unless otherwise provided)

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

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

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

g) Balances and transactions in foreign currency

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

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

h) Financial assets

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

Amortized cost

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

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

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

BITTNET SYSTEMS SA
ANNUAL FINANCIAL STATEMENTS for the financial year 2022
(all the amounts shall be expressed in RON, unless otherwise provided)

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

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

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

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

Financial assets at fair value

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

i) Financial liabilities

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

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

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

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

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

j) Share-based payments (SOP)

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

The fair value of options at the date of granting shall be systematically recorded in the consolidated statement of comprehensive income for the period up to the exercise of the option. Non-market-based conditions of entry shall be taken into account by adjusting the number of equity instruments expected to

BITTNET SYSTEMS SA
ANNUAL FINANCIAL STATEMENTS for the financial year 2022
(all the amounts shall be expressed in RON, unless otherwise provided)

be recorded at each reporting date so that ultimately the cumulative amount recognized in the vesting period is based on the number of options that may be paid. The conditions of non-qualification and the conditions of entry into rights are included in the fair value of the granted options. Cumulative expenditure shall not be adjusted for failure to fulfil a condition of entitlement or where a condition of non-qualification is not fulfilled.

k) Leasing

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

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

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

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

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

Transition method and Practical Exceptions used

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

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

- (a) applied a single discount rate to a rental portfolio with reasonably similar characteristics;
- (b) excluded initial direct costs from the valuation of right-of-use assets at the date of initial application, where the right of use of the asset was determined as if IFRS 16 had been applied from the commencement date;
- (c) it was based on previous assessments regarding whether the leases are onerous compared to the preparation of an impairment review in accordance with IAS 36 at the date of the initial application; and
- (d) applied the exemption of not recognizing the rights of use of the assets and liabilities for leases with less than 12 months of lease remaining at the date of the initial application.

As a user, the Group has previously classified leasing as operational or financial leasing based on its assessment of whether the leasing contract has transferred substantially all the risks and benefits of ownership. In accordance with IFRS 16, the Group recognizes leasing assets and liabilities by right for most

BITTNET SYSTEMS SA
ANNUAL FINANCIAL STATEMENTS for the financial year 2022
(all the amounts shall be expressed in RON, unless otherwise provided)

of the leasing. However, the Group has chosen not to recognize leasing assets and liabilities for some low-value asset leases based on the new value of the underlying asset for short-term rental with a lease term of 12 months or less.

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

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

l) External purchased intangible assets

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

m) Tangible fixed assets

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

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

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

n) Inventory

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

o) Provisions

BITTNET SYSTEMS SA
ANNUAL FINANCIAL STATEMENTS for the financial year 2022
(all the amounts shall be expressed in RON, unless otherwise provided)

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

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

p) Employee benefits

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

q) Current and deferred profit tax

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

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

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

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

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

- It must be determined whether uncertain tax treatments should be considered separately, or together as a group, depending on the approach that provides better predictions about resolution;

BITTNET SYSTEMS SA
ANNUAL FINANCIAL STATEMENTS for the financial year 2022
(all the amounts shall be expressed in RON, unless otherwise provided)

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

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

NOTA 28. THE RUSSIA – UKRAINE CONFLICT

I. The Russia-Ukraine conflict

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

- Destruction, confiscation or abandonment of tangible and intangible property;
- Sanctions imposed on a company that may impact its ability to operate (eg access to funds, banking systems, etc.);
- Sanctions imposed on a company's customers, which may impact its ability to sell goods and services and collect debts;
- Sanctions imposed on a company's suppliers, which may impact its ability to obtain raw materials, goods and services, or which may indirectly increase the costs of obtaining these elements from alternative sources;
- Sanctions imposed on creditors and/or banks of an entity, which may limit its ability to access funds and credits;
- Changes in the approach to clients and consumers regarding companies with ties to Russia, Belarus or other jurisdictions related to the Russian Federation, which could reduce demand for the products of those companies;
- Changes in risk appetite that can lead to the situation where creditors and investors withdraw their financial support for companies with ties to Russia, resulting in an increased liquidity risk and/or doubts regarding the continuity of the respective companies' activity;
- Volatility in the prices of financial instruments and commodities, including oil, natural gas, other oil derivatives and minerals, as well as volatility in foreign exchange rates.

Based on the information available up to now, the Group's Management has not identified concrete potential risks related to the Russia-Ukraine conflict and thus, at this moment, it does not expect a significant impact in terms of the current operations. The direct exposure of the Group to third parties affected by the sanctions imposed since the beginning of the conflict (customers, suppliers, banking institutions with which the Group collaborates, which have been directly affected by the sanctions) does not exist. The indirect exposure (customers, suppliers with whom the Group collaborates, with ties to third parties affected by sanctions, as well as risks related to the future volatility of commodity prices or exchange rates) is currently unquantifiable, the Group's Management not having received any sign up to this point regarding any significant impact on the Group's activity.

NOTA 29. SUBSEQUENT EVENTS TO THE BALANCE SHEET DATE

I. Capital increase operation with new cash contributions and receivables resulting from M&A transactions | January – March 2023

On 16.01.2023, the issuer notified the capital market about the approval of the Capital Increase Prospectus composed of separate documents and of ASF Decision no. 16/12.01.2023 approving the document and the operation. The increase operation was decided by the Board of Directors on 16.09.2022, in accordance with Decision no. 12 of the Extraordinary General Meeting of Shareholders of 27.04.2021 and was aimed at issuing 105,696,119 ordinary shares offered for subscription at a price of RON 0.31 per share. The capital increase was made on the basis of pre-emptive rights, and 5 BNETR16 pre-emptive rights were required to buy one new share at a price of RON 0.31 during the public offer period.

The pre-emptive rights were assigned to the shareholders from the registration date 13.10.2022 in a ratio of 1:1 with the holding of BNET shares from the registration date. According to the increase Prospectus, the BNETR16 pre-emptive rights were traded over a period of 5 working days between: 18.01.2023 – 25.01.2023.

After the trading period of the BNETR16 pre-emptive rights, the rights holders could buy the new shares, issued by the Company, at the offer price: RON 0.31 per share, proportional to the number of rights held, for 31 days, respectively in the time frame: 30.01.2023 – 01.03.2023 (Stage 1 of the increase). During Stage 1, a number of 304,126,505 BNETR16 pre-emptive rights related to a total number of 60,825,301 subscribed shares were exercised, which represents 57.54% of the entire issue of new shares. The value of the cash contributions that the Company attracted during Stage 1 (public offer) amounts to RON 18,855,843.31.

The shares left unsubscribed after Stage 1 were offered for sale to investors in a private placement, between 03.06.2023 – 03.10.2023, brokered by SSIF Goldring SA (Stage 2 of the increase), according to the provisions of the capital market legislation. During this stage, 35,193,399 new shares were subscribed, the equivalent of new cash contributions of RON 10,909,953.67.

In the two stages of this capital increase operation, a total of 96,018,700 new shares were subscribed, through new cash contributions, representing 90.84% of the entire volume of the offer. As a result of this operation, the capital of Bittnet Systems will increase by the amount of RON 32,765,796.89, related to a number of 105,696,119 new shares (100% of the offer), the difference being represented by the conversion of receivables resulting from the M&A activity carried out in recent years. In March 2023, the management of the Issuer took the decision to pay partially by payment order and partially by conversion into BNET shares the consideration of these receivables. Thus, following the signing of the additional documents with the Sellers from the M&A transactions, the value of the receivables that were converted into shares at the price of 0.31 ron/share is RON 2,999,999.89 and represents part of the purchase price of Top Tech SRL. The bank transfers were made during March 2023, to the rights of the holders of claims from the M&A activity for the purchase of some packages of shares in the companies ITPrepared, The E-Learning Company, Nenos Software and Top Tech.

The total amount raised by the Company in the two stages (public offering and private placement) within this financing round by capital increase amounts to RON 29,765,797.

The issuer follows the registration procedures of the new share capital and the resulting new number of shares at the Trade Registry Office, the Financial Supervision Authority, the Central Depository and the Bucharest Stock Exchange. After making all the registrations with the competent authorities, the subscribed

BITTNET SYSTEMS SA
ANNUAL FINANCIAL STATEMENTS for the financial year 2022
(all the amounts shall be expressed in RON, unless otherwise provided)

and paid-up capital of Bittnet Systems SA will be RON 63,417,671.40, corresponding to a number of 634,176,714 ordinary shares.

II. Signing of the sale and purchase agreement for the acquisition of 70% of Dataware Consulting SRL

Through the current report 50/09.12.2022, Bittnet informed investors about the signing of the contract for the purchase of social shares for the purchase of a percentage of 70% of the company DATAWARE CONSULTING SRL, integrator of IT&C products and services. The purchase price is RON 18,550,000 and will be partially paid in cash (RON 13.55 million), and the rest settled in BNET shares (RON 5 million). The actual number of shares to be issued shall be determined in accordance with the provisions of art. 210(2) of Law 31/1990 and art. 87-88 of Law 24/2017 on issuers of financial instruments and market operations and art. 174 of FSA Regulation No. 5/2018. Considering that the transaction price also includes a component settled in BNET shares, the percentage of 70% of the share capital and DTW voting rights will be divided proportionally between Bittnet Systems (18.87%) and the subsidiary company Dendrio Solutions (51, 13%). The remaining 30% of Dataware will remain the property of the founding shareholders. Following this M&A transaction, Bittnet Group expands its range of IT products and services with new technological capabilities as well as the range of certifications.

The closing depends on the approval of the Competition Council and on certain suspensive conditions customary for this type of transactions. Management estimates that the transaction will be completed in the first semester of 2023. The file for obtaining the opinion on non-concentration has been submitted to the Competition Council and its approval is awaited at the time of writing.

III. Repayment of the issue of corporate bonds BNET23C | January 2023

On 23.01.2023, Bittnet Systems repaid the principal borrowed (nominal value) from the BNET23C corporate bond issue at maturity. According to the Memorandum of admission to trading on the SMT-Bonds market of the BVB, the redemption price was 100% of the nominal value of the issue, i.e. RON 10,000,000. The registration date for the identification of the bonds that benefited from the redemption of the nominal value was 16.01.2023, and the payment date for the repayment of the BNET23C bonds is 23.01.2023, according to the Memorandum. The last trading session for BNET23C bonds took place on 12.01.2023. In addition to the repayment of the nominal value, the distribution of the last semi-annual coupon, coupon 8, with the same reference and payment data, was also made to the obligors.

IV. Unicredit Bank - Elian Solutions SRL credit extension and supplements | February 2023

On 03.02.2023, Unicredit Bank and Elian Solutions (part of the Bittnet group) signed the addendum for the extension and supplement of the credit product – revolving overdraft product. The agreement was extended for a period of 12 months and the credit was increased from RON 800,000 to RON 1,600,000 under the same conditions as the additional act of extension signed in 2022. The interest rate remained unchanged at: ROBOR3M+3%, facility maturity: February 2024. The structure of the guarantees: chattel mortgage on the accounts of Elian Solutions SRL opened at Unicredit Bank, assignment of receivables and letter of corporate guarantee issued by Bittnet Systems SA.

V. Partial repayment of Banca Transilvania investment loan | February 2023

In February 2023, Dendrio signed the addendum to the investment loan agreement by which a part of the investment loan contracted from Banca Transilvania for the acquisition of Top Tech's shares was repaid in advance. The partial repayment in the amount of RON 1.3 million came as a result of Dendrio selling 14% of Top Tech at the end of last year. Upon the signing of the investment contract, in August 2022, between

BITTNET SYSTEMS SA
ANNUAL FINANCIAL STATEMENTS for the financial year 2022
(all the amounts shall be expressed in RON, unless otherwise provided)

Dendrio and Banca Transilvania, the parties agreed that in case Dendrio will sell percentages of Top Tech or zNET Computer, the borrower agrees to repay a proportion of the investment loan that financed 75% of the M&A transaction price.

VI. Listing on the Regulated Market of the BVB of the BNET26E bond issue | March 2023

On 07.03.2023, the listing of the BNET26E bonds took place after the Issuer received the consent for admission to trading from the ASF and BVB. The issue consists of 20,596 registered, dematerialised, non-convertible, unsecured bonds with a nominal value of EUR 100/bond. The annual interest of 9% is payable quarterly through the Central Depository and the T2S system.

VII. Intragroup loan agreement: Bittnet Systems – The E-Learning Company | March 2023

In March 2023, Bittnet Systems signed an intragroup loan agreement with its subsidiary The E-Learning Company ("ELC") to support the development of its current activity. The loan is of the ceiling type, in the maximum amount of 500,000 RON, of which a first tranche of 200,000 RON was transferred in March. The loan is made available to ELC depending on the liquidity needs and the interest is 10% per year on the actual loaned balance.

The financial statements from page [3] to page [73] were approved and signed on March 27, 2023.

Mihai Logofatu

Adrian Stanescu

CEO

CFO

Raportare contabilă anuală *

Suma de control 55.925.751	Tip formular IR
Data raportarii 31.12.2022	Anul 2022

Date de identificare ►

* Campuri obligatorii

* Entitatea
BITTNET SYSTEMS SA

☒ **Raportare contabilă
anuală**
Formularul S1040

☐ **Situație financiară anuală**
Formularul S1041

☐ **Situațiile financiare anuale
au fost aprobate potrivit legii**

Bifați dacă este cazul

☐ **Mari contribuabili care depun
bilanțul la București**

☐ **Sucursala**

☐ **Activ net mai mic de
jumătate din valoarea
capitalului subscris**

FORMULAR VALIDAT

* Numar inregistrare in Registrul Comertului
J40 3752 2007

* Cod Unic de Inregistrare
21181848

Cod LEI(Legal entity identifier)
315700VUUQH9VEDRO36

* Activitatea preponderenta: Cod CAEN--Denumire activitate
**6202--Activ.de consultanta in
tehnol.informatiei**

* Activitatea preponderenta efectiv desfasurata: Cod CAEN--Denumire activitate
**6202--Activ.de consultanta in
tehnol.informatiei**

* Forma de proprietate
34--Societati pe actiuni

Strada
SERG. ION NUTU

Numar
44

Bloc
ONE COTROCENI

Scara

Apartament

PARK,CORP A SI CORP B

Telefon

e-mail

0215271600

* Județ
Municipiul Bucuresti

Sector
Sector 5

* Localitatea
Bucuresti

Semnături ►

* Campuri obligatorii

Semnatura electronica poate fi aplicata
doar in urma finalizarii cu succes a actiunii
de validare a formularului

Semnatura electronica

DRAGAN Digitally signed
by **DRAGAN**
CATALIN VIVI
Date:
2023.04.28
11:49:10 +03'00'

Administrator

* Nume si prenume
**IVYLON MANAGEMENT
SRL PRIN LOGOFATU
MIHAI ALEXANDRU**

Semnatura

Intocmit

* Nume si prenume
**DCA Financial
Zone SRL**

* Calitatea
22--Persoana juridica autorizata**

Nr.de inregistrare in organismul profesional
10554

Cod de identificare fiscala
35431677

Semnatura

*) Raportări contabile anuale la 31 decembrie 2022 întocmite de către entitățile cărora le sunt incidente Reglementările contabile conforme cu IFRS, aprobate prin Ordinul ministrului finanțelor publice nr. 2.844/2016, cu modificările și completările ulterioare, prevăzute la pct. 1.1 din Anexa 3 la Ordinul ministrului finanțelor nr. 4268/2022 privind principalele aspecte legate de întocmirea și depunerea situațiilor financiare anuale și a raportărilor contabile anuale ale operatorilor economici la unitățile teritoriale ale Ministerului Finanțelor precum si pentru reglementarea unor aspecte contabile.

Indicatori

Campuri cu valori calculate

Capitaluri - total
50.353.329

Profit/ pierdere
618.891

Capital subscris
52.848.060

COD 10. SITUAȚIA ACTIVELOR, DATORIILOR ȘI CAPITALURILOR PROPRII la data de 31.12.2022 (lei)se vor avea în vedere rândurile și corelațiile din coloana **Nr. rând** și nu cele cuprinse în coloana **CodRd**

codRd	Denumirea elementului	Nr. rand	Sold an curent la:	
			01.01.2022	31.12.2022
A		B	1	2
A. ACTIVE IMOBILIZATE				
I. IMOBILIZARI NECORPORALE				
01	1. Cheltuieli de dezvoltare (ct. 203 - 2803 - 2903)	01		
02	2. Concesiuni, brevete, licențe, mărci comerciale, drepturi și active similare și alte imobilizări necorporale (ct. 205 + 208 - 2805 - 2808 - 2905 - 2907 - 2908)	02	7.216.111	6.986.734
03	3. Fond comercial (ct. 2071)	03		
04	4. Avansuri acordate pentru imobilizari necorporale (ct. 4094 - 4904)	04	34.188	83.613
05	5. Active necorporale de explorare și evaluare a resurselor minerale (ct. 206 - 2806 - 2906)	05		
06	TOTAL (rd. 01 la 05)	06	7.250.299	7.070.347
II. IMOBILIZĂRI CORPORALE				
07	1. Terenuri și construcții (ct. 211 + 212 - 2811 - 2812 - 2911 - 2912)	07		
08	2. Instalații tehnice și mașini (ct. 213 + 223 - 2813 - 2913)	08	15.058	38.525
09	3. Alte instalații, utilaje și mobilier (ct. 214 + 224 - 2814 - 2914)	09	3.426	31.976
10	4. Investiții imobiliare (ct. 215 + 251* - 2815 - 285* - 2915 - 295*)	10		
11	5. Imobilizări corporale în curs de execuție (ct. 231 - 2931)	11	157.437	2.655.123
12	6. Investiții imobiliare în curs de execuție (ct. 235 - 2935)	12		
13	7. Active corporale de explorare și evaluare a resurselor minerale (ct. 216 - 2816 - 2916)	13		
14	8. Plante productive (ct. 218 - 2818 - 2918)	14		
15	9. Avansuri acordate pentru imobilizari corporale (ct. 4093 - 4903)	15		
16	TOTAL (rd. 07 la 15)	16	175.921	2.725.624
17	III. ACTIVE BIOLOGICE PRODUCTIVE (ct. 241 + 227 - 284 - 294)	17		
303	IV. DREPTURI DE UTILIZARE A ACTIVELOR LUATE ÎN LEASING (ct. 251* - 285* - 295*) ¹	18	376.408	7.737.221
V. IMOBILIZĂRI FINANCIARE				
18	1. Acțiuni deținute la filiale (ct. 261 - 2961)	19	31.287.160	35.894.551

A		B	1	2
19	2. Împrumuturi acordate entităților din grup (ct. 2671 + 2672 - 2964)	20	19.705.168	18.060.181
20	3. Acțiunile deținute la entitățile asociate și la entitățile controlate în comun (ct. 262 + 263 - 2962)	21	1.996.839	2.918.939
21	4. Împrumuturi acordate entităților asociate și entităților controlate în comun (ct. 2673 + 2674 - 2965)	22		
22	5. Alte titluri imobilizate (ct. 265 - 2963)	23		
23	6. Alte împrumuturi (ct. 2675* + 2676* + 2677 + 2678* + 2679* - 2966* - 2968*)	24	255.869	8.690.361
24	TOTAL (rd. 19 la 24)	25	53.245.036	65.564.032
25	ACTIVE IMOBILIZATE – TOTAL (rd. 06 + 16 + 17 + 18 + 25)	26	61.047.664	83.097.224
B. ACTIVE CIRCULANTE				
I. STOCURI				
26	1. Materii prime și materiale consumabile (ct. 301 + 302 + 303 +/- 308 + 321 + 322 + 323 + 328 + 351 + 358 + 381 +/- 388 - 391 - 392 - 3951 - 3958 - 398)	27	502	0
27	2. Active imobilizate deținute în vederea vânzării (ct. 311)	28		
28	3. Producția în curs de execuție (ct. 331 + 332 + 341 +/- 348* - 393 - 3941 - 3952)	29		
29	4. Produse finite și mărfuri (ct. 326 + 327 + 345 + 346 + 347 +/- 348* + 354 + 356 + 357 + 361 +/- 368 + 371 +/- 378 - 3945 - 3946 - 3947 - 3953 - 3954 - 3955 - 3956 - 3957 - 396 - 397 - 4428)	30	17.994	51.963
30	5. Avansuri (ct. 4091 - 4901)	31		
31	TOTAL (rd. 27 la 31)	32	18.496	51.963
II. CREANȚE				
32	1. Creanțe comerciale (ct. 2675* + 2676* + 2678* + 2679* - 2966* - 2968* + 411 + 413 + 418 + 4642 - 491 - 494)	33	3.125.261	4.220.844
33	2. Avansuri plătite (ct. 4092 - 4902)	34	27.711	7.726
34	3. Sume de încasat de la entitățile din grup (ct. 451** - 495*)	35		
35	4. Sume de încasat de la entitățile asociate și entitățile controlate în comun (ct. 453** - 495*)	36		
36	5. Creanțe rezultate din operațiunile cu instrumente derivate (ct. 4652)	37		
37	6. Alte creanțe (ct. 425 + 4282 + 431** + 436** + 437** + 4382 + 441** + 4424 + 4428** + 444** + 445 + 446** + 447** + 4482 + 4582 + 461 + 4662 + 473** + 4762** - 496 + 5187)	38	2.663.068	3.916.878
38	7. Capital subscris și nevărsat (ct. 456 - 495*)	39		
301	8. Creanțe reprezentând dividende repartizate în cursul exercițiului financiar (ct. 463)	40		
39	TOTAL (rd. 33 la 40)	41	5.816.040	8.145.448

40	III. INVESTIȚII PE TERMEN SCURT (ct. 505 + 506 + 507 + 508* - 595 - 596 - 598 + 5113 + 5114)	42	17.919.885	13.790.384
41	IV. CASA ȘI CONTURI LA BĂNCI (ct. 508* + 5112 + 512 + 531 + 532 + 541 + 542)	43	8.753.193	13.470.129
42	ACTIVE CIRCULANTE – TOTAL (rd. 32 + 41 + 42 + 43)	44	32.507.614	35.457.924
43	C. CHELTUIELI ÎN AVANS (ct. 471 + 474) (rd. 46 + 47) , din care	45	205.862	903.628
44	Sume de reluat într-o perioadă de până la un an (ct. 471* + ct.474*)	46	205.862	903.628
45	Sume de reluat într-o perioadă mai mare de un an (din ct. 471* + ct.474*)	47		
D. DATORII: SUMELE CARE TREBUIE PLATITE INTR-O PERIOADA DE PANA LA UN AN				
46	1. Împrumuturi din emisiunea de obligațiuni, prezentându-se separat împrumuturile din emisiunea de obligațiuni convertibile (ct. 161 + 1681 - 169)	48	872.768	25.194.352
47	2. Sume datorate instituțiilor de credit (ct. 1621 + 1622 + 1624 + 1625 + 1627 + 1682 + 5191 + 5192 + 5198)	49	965.120	167.937
48	3. Avansuri încasate în contul comenzilor (ct. 419)	50	43.229	11.297
49	4. Datorii comerciale - furnizori (ct. 401 + 404 + 408 + 4641)	51	3.369.093	7.440.485
50	5. Efecte de comerț de plătit (ct. 403 + 405)	52		
52	6. Sume datorate entităților din grup (ct. 1661 + 1685 + 2691 + 451***)	53		
53	7. Sume datorate entităților asociate și entităților controlate în comun (ct. 1663 + 1686 + 2692 + 453***)	54		
54	8. Datorii rezultate din operațiunile cu instrumente derivate (ct. 4651)	55		
55	9. Alte datorii, inclusiv datoriile fiscale și datoriile privind asigurările sociale (ct. 1623 + 1626 + 167 + 1687 + 2693 + 2695 + 421 + 422 + 423 + 424 + 426 + 427 + 4281 + 431*** + 436*** + 437*** + 4381 + 441*** + 4423 + 4428*** + 444*** + 446*** + 447*** + 4481 + 455 + 456*** + 457 + 4581 + 462 + 4661 + 467 + 473*** + 4761*** + 509 + 5186 + 5193 + 5194 + 5195 + 5196 + 5197)	56	11.359.557	11.420.243
56	TOTAL (rd. 48 la 56)	57	16.609.767	44.234.314
57	E. ACTIVE CIRCULANTE NETE/DATORII CURENTE NETE (rd. 44 + 46 - 57 - 74 - 77 - 80)	58	15.839.864	-8.166.569
58	F. TOTAL ACTIVE MINUS DATORII CURENTE (rd. 26 + 47 + 58)	59	76.887.528	74.930.655
G. DATORII: SUMELE CARE TREBUIE PLĂTITE ÎNTR-O PERIOADĂ MAI MARE DE UN AN				
59	1. Împrumuturi din emisiunea de obligațiuni, prezentându-se separat împrumuturile din emisiunea de obligațiuni convertibile (ct. 161 + 1681 - 169)	60	24.044.334	9.609.806
60	2. Sume datorate instituțiilor de credit (ct. 1621 + 1622 + 1624 + 1625 + 1627 + 1682 + 5191 + 5192 + 5198)	61	165.607	
61	3. Avansuri încasate în contul comenzilor (ct. 419)	62		
62	4. Datorii comerciale - furnizori (ct. 401 + 404 + 408 + 4641)	63	550.256	14.923.783

63	5. Efecte de comerț de plătit (ct. 403 + 405)	64		
65	6. Sume datorate entităților din grup (ct. 1661 + 1685 + 2691 + 451***)	65		
66	7. Sume datorate entităților asociate și entităților controlate în comun (ct. 1663 + 1686 + 2692 + 453***)	66		
67	8. Datorii rezultate din operațiunile cu instrumente derivate (ct. 4651)	67		
68	9. Alte datorii, inclusiv datoriile fiscale și datoriile privind asigurările sociale (ct. 1623 + 1626 + 167 + 1687 + 2693 + 2695 + 421 + 422 + 423 + 424 + 426 + 427 + 4281 + 431*** + 436*** + 437*** + 4381 + 441*** + 4423 + 4428*** + 444*** + 446*** + 447*** + 4481 + 455 + 456*** + 4581 + 462 + 4661 + 467 + 4761*** + 473*** + 509 + 5186 + 5193 + 5194 + 5195 + 5196 + 5197)	68	624.136	
69	TOTAL (rd. 60 la 68)	69	25.384.333	24.533.589
	H.PROVIZIOANE			
70	1. Provizioane pentru beneficiile angajaților (ct. 1517)	70		
71	2. Alte provizioane (ct. 1511 + 1512 + 1513 + 1514 + 1518)	71		43.737
72	TOTAL (rd. 70 + 71)	72		43.737
	VENITURI ÎN AVANS			
73	1. Subvenții pentru investiții (ct. 475) - total (rd. 74 + 75), din care:	73		
74	Sume de reluat într-o perioadă de până la un an (ct. 475*)	74		
75	Sume de reluat într-o perioadă mai mare de un an (ct. 475*)	75		
76	2. Venituri înregistrate în avans (ct. 472) - total (rd. 77 + 78), din care:	76	263.845	293.807
77	Sume de reluat într-o perioadă de până la un an (ct. 472*)	77	263.845	293.807
78	Sume de reluat într-o perioadă mai mare de un an (ct. 472*)	78		
79	3. Venituri în avans aferente activelor primite prin transfer de la clienți (ct. 478) - total (rd. 80 + 81) , din care:	79		
80	Sume de reluat într-o perioadă de până la un an (ct. 478*)	80		
81	Sume de reluat într-o perioadă mai mare de un an (ct. 478*)	81		
82	TOTAL (rd. 73 + 76 + 79)	82	263.845	293.807
	J. CAPITAL ȘI REZERVE			
	I. CAPITAL			
83	1. Capital subscris vărsat (ct. 1012)	83	48.043.690	52.848.060
84	2. Capital subscris nevărsat (ct. 1011)	84		

85	3. Capital subscris reprezentând datorii financiare ² (ct. 1027)	85		
302	4. Patrimoniul regiei (ct. 1015)	86		
86	5. Ajustări ale capitalului social/ patrimoniul regiei(ct. 1028)	SOLD C	87	
87		SOLD D	88	
88	6. Alte elemente de capitaluri proprii (ct. 103)	SOLD C	89	2.187.309
89		SOLD D	90	0
90	TOTAL (rd. 83 + 84 + 85 + 86 + 87 - 88 + 89 - 90)	91	50.230.999	55.925.751
91	II. PRIME DE CAPITAL (ct. 104)	92	14.542.953	9.738.583
92	III. REZERVE DIN REEVALUARE (ct. 105)	93		
	IV. REZERVE			
93	1. Rezerve legale (ct. 1061)	94	947.402	956.462
94	2. Rezerve statutare sau contractuale (ct. 1063)	95		
95	3. Alte rezerve (ct. 1068)	96		
96	TOTAL (rd. 94 la 96)	97	947.402	956.462
97	Diferențe de curs valutar din conversia situațiilor financiare anuale individuale într-o monedă de prezentare diferită de monedă funcțională (ct. 1072)	SOLD C	98	
98		SOLD D	99	
99	Acțiuni proprii (ct. 109)	100		2.397.075
100	Câștiguri legate de instrumentele de capitaluri proprii (ct. 141)	101	1.125.798	4.575.934
101	Pierderi legate de instrumentele de capitaluri proprii (ct. 149)	102	22.395.612	26.107.811
102	V. REZULTAT REPORTAT, CU EXCEPȚIA REZULTATULUI REPORTAT PROVENIT DIN ADOPTAREA PENTRU PRIMA DATA A IAS 29 (ct. 117)	SOLD C	103	6.241.631
103		SOLD D	104	2.422.163
104	VI. REZULTAT REPORTAT PROVENIT DIN ADOPTAREA PENTRU PRIMA DATA A IAS 29 (ct. 118)	SOLD C	105	810.024
105		SOLD D	106	0
106	VII. PROFITUL SAU PIERDEREA LA SFÂRȘITUL PERIOADEI DE RAPORTARE (ct. 121)	SOLD C	107	9.168.718
107		SOLD D	108	

108	Repartizarea profitului (ct. 129)	109	504.924	9.061
109	CAPITALURI PROPRII – TOTAL (rd. 91 + 92 + 93 + 97 + 98 - 99 - 100 + 101 - 102 + 103 - 104 + 105 - 106 + 107 - 108 - 109)	110	51.503.195	50.353.329
110	Patrimoniul privat (ct. 1023) ³	111		
111	Patrimoniul public (ct. 1026)	112		
112	CAPITALURI - TOTAL (rd. 110 + 111 + 112)	113	51.503.195	50.353.329
FORMULAR VALIDAT		Suma de control Formular 10: 1472468801 / 3937619235X62236624337490421		

Semnături ►

Administrator

Nume și prenume

IVYLON MANAGEMENT SRL PRIN
LOGOFATU MIHAI ALEXANDR

Semnatura

Intocmit

Nume și prenume

DCA Financial Zone SRL

Calitatea

22--Persoana juridica autorizata**

Nr.de inregistrare in organismul profesional

10554

Semnatura

* Conturi de repartizat după natura elementelor respective.

** Solduri debitoare ale conturilor respective.

*** Solduri creditoare ale conturilor respective.

1) La acest rând nu se cuprind drepturile de utilizare care se încadrează în definiția unei investiții imobiliare și care vor fi prezentate la rd. 10.

2) În acest cont se evidențiază acțiunile care, din punct de vedere al IAS 32, reprezintă datorii financiare.

3) Se va completa de către entitățile cărora le sunt incidente prevederile Ordinului ministrului finanțelor publice și al ministrului delegat pentru buget nr. 668/2014 pentru aprobarea Precizărilor privind întocmirea și actualizarea inventarului centralizat al bunurilor imobile proprietate privată a statului și a drepturilor reale supuse inventarierii, cu modificările și completările ulterioare.

COD 20. SITUAȚIA VENITURILOR ȘI CHELTUIELILOR la data de 31.12.2022 (lei)se vor avea în vedere rândurile și corelațiile din coloana **Nr. rând** și nu cele cuprinse în coloana **CodRd**

codRd	Denumirea indicatorilor		Nr. rând	Perioada de raportare	
				01.01.2021 - 31.12.2021	01.01.2022 - 31.12.2022
	A		B	1	2
01	Cifra de afaceri netă (rd. 03 + 04 - 05 + 06)		01	13.069.342	15.795.263
306	- din care, cifra de afaceri netă corespunzătoare activității preponderente efectiv desfășurate		02	10.945.087	15.359.729
02	Producția vândută (ct. 701 + 702 + 703 + 704 + 705 + 706 + 708 - ct. 6815*)		03	11.613.268	15.666.413
03	Venituri din vânzarea mărfurilor (ct. 707 - ct. 6815*)		04	1.636.695	164.542
04	Reduceri comerciale acordate (ct. 709)		05	180.621	35.692
05	Venituri din subvenții de exploatare aferente cifrei de afaceri nete (ct. 7411)		06		
06	Venituri aferente costului producției în curs de execuție(ct. 711 + 712 + 713)	SOLD C	07	378.513	23.685
07		SOLD D	08		
08	Venituri din producția de imobilizări și investiții imobiliare (rd. 10 + 11)		09		
09	Venituri din producția de imobilizări necorporale și corporale (ct. 721 + 722)		10		
10	Venituri din producția de investiții imobiliare (ct. 725)		11		
11	Venituri din activele imobilizate (sau grupurile destinate cedării) deținute în vederea vânzării (ct. 753) (rd.13 + rd.14)		12	0	0
310	Castiguri din evaluarea activelor deținute în vederea vânzării (ct.7351)		13		
311	Venituri din cedarea activelor deținute în vederea vânzării (ct. 7532)		14		
12	Venituri din reevaluarea imobilizărilor (ct. 755)		15		
13	Venituri din investiții imobiliare (ct. 756)		16		
14	Venituri din active biologice și produse agricole (ct. 757)		17		
15	Venituri din subvenții de exploatare (ct. 7412 + 7413 + 7414 + 7415 + 7416 + 7417 + 7419)		18		
16	Alte venituri din exploatare (ct. 758 + 751), din care		19	106.160	786.869
17	- venituri din subvenții pentru investiții (ct. 7584)		20		
301	- câștiguri din cumpărări în condiții avantajoase (ct. 7587)		21		
18	VENITURI DIN EXPLOATARE - TOTAL (rd. 01 + 07 - 08 + 09 + 12 + 15 + 16 + 17 + 18 + 19)		22	13.554.015	16.605.817
19	a) Cheltuieli cu materiile prime și materialele consumabile (ct. 601 + 602)		23	237	1.052
20	Alte cheltuieli materiale (ct. 603 + 604 + 606 + 608)		24	166.620	544.611

	A	B	1	2
21	b) Cheltuieli privind utilitățile (ct. 605), din care:	25	9.387	35.372
307	- cheltuieli privind consumul de energie (ct. 6051)	26		34.457
312	- cheltuieli privind consumul de gaze naturale (ct. 6053)	27		
22	c) Cheltuieli privind mărfurile (ct. 607)	28	1.412.364	154.518
23	Reduceri comerciale primite (ct. 609)	29	84.441	85.423
24	Cheltuieli cu personalul (rd. 31+ 32), din care:	30	1.714.808	2.566.814
25	a) Salarii și indemnizații (ct. 641 + 642 + 643 + 644)	31	1.693.960	2.522.925
26	b) Cheltuieli privind asigurările și protecția socială (ct. 645 + 646)	32	20.848	43.889
27	a) Ajustări de valoare privind imobilizările (rd. 34 + 35 - 36)	33	640.863	1.422.392
28	a.1) Cheltuieli cu amortizările și ajustările pentru depreciere (ct. 6811 + 6813 + 6816 + 6817 + din ct. 6818)	34	444.481	413.809
303	a.2) Cheltuieli cu amortizarea activelor aferente drepturilor de utilizare a activelor luate în leasing (ct. 685)	35	196.382	1.008.583
29	a.3) Venituri (ct. 7813 + 7816 + din ct. 7818)	36		
30	b) Ajustări de valoare privind activele circulante (rd. 38 - 39)	37	-26.838	-7.326
31	b.1) Cheltuieli (ct. 654 + 6814 + din ct. 6818)	38		
32	b.2) Venituri (ct. 754 + 7814 + din ct. 7818)	39	26.838	7.326
33	Alte cheltuieli de exploatare (rd. 41 la 44 + 47 la 51)	40	11.736.012	14.437.153
34	1. Cheltuieli privind prestațiile externe (ct. 611 + 612 + 613 + 614 + 615 + 621 + 622 + 623 + 624 + 625 + 626 + 627 + 628)	41	11.258.252	12.970.130
35	2. Cheltuieli cu alte impozite, taxe și vărsăminte asimilate; cheltuieli reprezentând transferuri și contribuții datorate în baza unor acte normative speciale (ct. 635 + 6586)	42	2.072	10.033
36	3. Cheltuieli cu protecția mediului înconjurător (ct. 652)	43		
37	4. Cheltuieli legate de activele imobilizate (sau grupurile destinate cedării) deținute în vederea vânzării (ct. 653) (rd.45 + rd.46)	44		
313	Pierderi din evaluarea activelor deținute în vederea vânzării (ct.6531)	45		
314	Cheltuieli cu cedarea activelor deținute în vederea vânzării (ct.6532)	46		
38	5. Cheltuieli din reevaluarea imobilizărilor (ct. 655)	47		
39	6. Cheltuieli privind investițiile imobiliare (ct. 656)	48		
40	7. Cheltuieli privind activele biologice (ct. 657)	49		
41	8. Cheltuieli privind calamitățile și alte evenimente similare (ct. 6587)	50		

42	9. Alte cheltuieli (ct. 651 + 6581 + 6582 + 6583 + 6584 + 6585 + 6588)	51	475.688	1.456.990
43	Ajustări privind provizioanele (rd. 53 - 54)	52		43.737
44	- Cheltuieli (ct. 6812)	53		43.737
45	- Venituri (ct. 7812)	54		
46	CHELTUIELI DE EXPLOATARE – TOTAL (rd. 23 la 25 + 28 - 29 + 30 + 33 + 37 + 40 + 52)	55	15.569.012	19.112.900
PROFITUL SAU PIERDEREA DIN EXPLOATARE:				
47	- Profit (rd. 22 - 55)	56	0	0
48	- Pierdere (rd. 55 - 22)	57	2.014.997	2.507.083
49	Venituri din acțiuni deținute la filiale (ct. 7611)	58	216.174	1.770.807
50	Venituri din acțiuni deținute la entități asociate (ct. 7612)	59		
51	Venituri din acțiuni deținute la entități asociate și entități controlate în comun (ct. 7613)	60		
52	Venituri din operațiuni cu titluri și alte instrumente financiare (ct. 762)	61	773.014	301.676
53	Venituri din operațiuni cu instrumente derivate (ct. 763)	62		
54	Venituri din diferențe de curs valutar (ct. 765)	63	506.039	880.600
55	Venituri din dobânzi (ct. 766)	64	1.532.810	1.583.473
56	- din care, veniturile obținute de la entitățile din grup	65	1.465.022	1.565.383
57	Venituri din subvenții de exploatare pentru dobânda datorată (ct. 7418)	66		
58	Venituri din investiții financiare pe termen scurt (ct. 7617)	67		
308	Venituri din amânarea încasării peste termenele normale de creditare (ct. 7681)	68		
59	Alte venituri financiare (ct. 7615 + 764 + 767 + 7688)	69	16.431.599	12.993.107
60	VENITURI FINANCIARE – TOTAL (rd. 58 la 64 + 66 la 69)	70	19.459.636	17.529.663
61	Ajustări de valoare privind imobilizările financiare și investițiile financiare deținute ca active circulante (rd. 72 - 73)	71		
62	- Cheltuieli (ct. 686)	72		
63	- Venituri (ct. 786)	73		
64	Cheltuieli privind operațiunile cu titluri și alte instrumente financiare (ct. 661)	74		

65	Cheltuieli privind operațiunile cu instrumente derivate (ct. 662)	75		
66	Cheltuieli privind dobânzile (ct. 666)	76	2.480.101	2.322.750
67	- din care, cheltuielile în relația cu entitățile din grup	77		25.613
309	Cheltuieli cu amânarea plății peste termenele normale de creditare (ct. 6681)	78		
304	Cheltuieli privind dobânzile aferente contractelor de leasing (ct. 6685)	79	49.720	
68	Alte cheltuieli financiare (ct. 663 + 664 + 665 + 667 + 6682 + 6688)	80	4.816.268	12.518.616
69	CHELTUIELI FINANCIARE – TOTAL (rd. 71 + 74 + 75 + 76 + 78 + 79 + 80)	81	7.346.089	14.841.366
PROFITUL SAU PIERDEREA FINANCIAR(Ă):				
70	- Profit (rd. 70 - 81)	82	12.113.547	2.688.297
71	- Pierdere (rd. 81 - 70)	83	0	0
72	VENITURI TOTALE (rd. 22 + 70)	84	33.013.651	34.135.480
73	CHELTUIELI TOTALE (rd. 55 + 81)	85	22.915.101	33.954.266
PROFITUL SAU PIERDEREA BRUT(Ă):				
74	- Profit (rd. 84 - 85)	86	10.098.550	181.214
75	- Pierdere (rd. 85 - 84)	87	0	0
76	Impozitul pe profit curent (ct. 691)	88	1.084.122	
77	Impozitul pe profit amânat (ct. 692)	89	-154.290	-437.677
78	Venituri din impozitul pe profit amânat (ct. 792)	90		
305	Cheltuieli cu impozitul pe profit, determinate de incertitudinile legate de tratamente fiscale (ct. 693)	91		
315	Cheltuieli cu impozitul pe profit rezultat din decontările în cadrul grupului fiscal în domeniul impozitului pe profit (ct.694)	92		
316	Venituri din impozitul pe profit rezultat din decontările în cadrul grupului fiscal în domeniul impozitului pe profit (ct.794)	93		
302	Impozitul specific unor activități (ct. 695)	94		
79	Alte impozite neprezentate la elementele de mai sus (ct. 698)	95		
PROFITUL SAU PIERDEREA NET(Ă) A PERIOADEI DE RAPORTARE:				
80	- Profit (rd. 86 - 88 - 89 + 90 - 91 - 92 + 93 - 94 - 95)	96	9.168.718	618.891
81	- Pierdere (rd. 87 + 88 + 89 - 90 + 91 + 92 - 93 + 94 + 95); (rd. 88 + 89 + 91 + 92 + 94 + 95 - 86 - 90 - 93)	97	0	0

FORMULAR VALIDAT

Suma de control Formular 20: 475973181 /
3937619235X622366243374904210663849506171
39504190121250617139504190121219773518768
21650319773518768216503485054100858338675
91106878118896014223923867592224593

Semnături ►

Administrator

Nume și prenume

IVYLON MANAGEMENT SRL PRIN
LOGOFATU MIHAI ALEXANDR

Semnatura

Intocmit

Nume și prenume

DCA Financial Zone SRL

Calitatea

22--Persoana juridica autorizata**

Nr.de inregistrare in organismul profesional

10554

Semnatura

*) Conturi de repartizat după natura elementelor respective.

La rândul 31 - se cuprind și drepturile colaboratorilor, stabilite potrivit legislației muncii, care se preiau din rulajul debitor al contului 621 „Cheltuieli cu colaboratorii”, analitic „Colaboratori persoane fizice”.

COD 30. DATE INFORMATIVE la data de 31.12.2022 (lei) <i>se vor avea în vedere rândurile și corelațiile din coloana Nr. rând și nu cele cuprinse în coloana CodRd</i>					
codRd	I. Date privind rezultatul înregistrat	Nr. rând	Nr.unitati	Sume	
	A	B	1	2	
01	Unități care au înregistrat profit	01	1	618.891	
02	Unități care au înregistrat pierdere	02	0	0	
03	Unități care nu au înregistrat nici profit, nici pierdere	03	0	0	
II. Date privind plățile restante		Nr. rând	Total (col.2 + 3)	Din care:	
	A	B	1	Pentru activitatea curentă	Pentru activitatea de investiții
				2	3
04	Plăți restante – total (rd.05 + 09 +15 la 17 + 19), din care:	04	1.430.350	1.430.350	
05	Furnizori restanți – total (rd. 06 la 08), din care:	05	1.430.350	1.430.350	
06	- peste 30 de zile	06	1.130.801	1.130.801	
07	- peste 90 de zile	07	299.549	299.549	
08	- peste 1 an	08			
09	Obligații restante față de bugetul asigurărilor sociale – total (rd.10 la 14), din care:	09			
10	- contribuții pentru asigurări sociale de stat datorate de angajatori, salariați și alte persoane asimilate	10			
11	- contribuții pentru fondul asigurărilor sociale de sănătate	11			
12	- contribuția pentru pensia suplimentară	12			
13	- contribuții pentru bugetul asigurărilor pentru șomaj	13			
14	- alte datorii sociale	14			
15	Obligații restante față de bugetele fondurilor speciale și alte fonduri	15			
16	Obligații restante față de alți creditori	16			
17	Impozite, taxe și contribuții neplătite la termenul stabilit la bugetul de stat, din care:	17			
301	- contribuția asiguratorie pentru muncă	18			
18	Impozite și taxe neplătite la termenul stabilit la bugetele locale	19			
III. Număr mediu de salariați		Nr. rând	31 decembrie 2021	31 decembrie 2022	
	A	B	1	2	
19	Număr mediu de salariați	20	15	16	
20	Numărul efectiv de salariați existenți la sfârșitul perioadei, respectiv la data de 31 decembrie	21	18	26	

	A	B	1	
	IV. Redevențe plătite în cursul perioadei de raportare, subvenții încasate și creanțe restante	Nr. rand	Sume (lei)	
	A	B	1	
21	Redevențe plătite în cursul perioadei de raportare pentru bunurile din domeniul public, primite în concesiune, din care:	22		
22	- redevențe pentru bunurile din domeniul public plătite la bugetul de stat	23		
23	Redevență minieră plătită la bugetul de stat	24		
24	Redevență petrolieră plătită la bugetul de stat	25		
25	Chirii plătite în cursul perioadei de raportare pentru terenuri ¹⁾	26		
26	Venituri brute din servicii plătite către persoane nerezidente, din care:	27		
27	- impozitul datorat la bugetul de stat	28		
28	Venituri brute din servicii plătite către persoane nerezidente din statele membre ale Uniunii Europene, din care:	29		
29	- impozitul datorat la bugetul de stat	30		
30	Subvenții încasate în cursul perioadei de raportare, din care:	31		
31	- subvenții încasate în cursul perioadei de raportare aferente activelor	32		
32	- subvenții aferente veniturilor, din care:	33		
33	- subvenții pentru stimularea ocupării forței de muncă*)	34		
316	- subvenții pentru energie din surse regenerabile	35		
317	- subvenții pentru combustibili fosili	36		
34	Creanțe restante, care nu au fost încasate la termenele prevăzute în contractele comerciale și/sau în actele normative în vigoare, din care:	37	1.115.334	
35	- creanțe restante de la entități din sectorul majoritar sau integral de stat	38		
36	- creanțe restante de la entități din sectorul privat	39	1.115.334	
	V. Tichete acordate salariaților	Nr. rand	Sume (lei)	
	A	B	1	
37	Contravaloarea tichetelor acordate salariaților	40	51.165	
302	Contravaloarea tichetelor acordate altor categorii de beneficiari, alții decât salariații	41		
	VI. Cheltuieli efectuate pentru activitatea de cercetare – dezvoltare**)	Nr. rand	31 decembrie 2021	31 decembrie 2022
	A	B	1	2
38	Cheltuieli de cercetare - dezvoltare	42		
318	- din care, efectuate în scopul diminuării impactului activității entității asupra mediului sau al dezvoltării unor noi tehnologii sau a unor produse mai sustenabile	43		

39	- după surse de finanțare (rd. 45 + 46), din care	44	0	0
40	- din fonduri publice	45		
41	- din fonduri private	46		
42	- după natura cheltuielilor (rd. 48 + 49)	47	0	0
43	- cheltuieli curente	48		
44	- cheltuieli de capital	49		
	VII. Cheltuieli de inovare ***)	Nr. rand	31 decembrie 2021	31 decembrie 2022
	A	B	1	2
45	Cheltuieli de inovare	50		
319	- din care, efectuate în scopul diminuării impactului activității entității asupra mediului sau al dezvoltării unor noi tehnologii sau a unor produse mai sustenabile	51		
	VIII. Alte informații	Nr. rand	31 decembrie 2021	31 decembrie 2022
	A	B	1	2
46	Avansuri acordate pentru imobilizări necorporale (ct. 4094), din care:	52	34.188	83.613
303	- avansuri acordate entităților neafiliate nerezidente pentru imobilizări necorporale (din ct. 4094)	53		
304	- avasuri acordate entităților afiliate nerezidente pentru imobilizări necorporale (din ct. 4094)	54		
47	Avansuri acordate pentru imobilizări corporale (ct. 4093), din care:	55		
305	- avansuri acordate entităților neafiliate nerezidente pentru imobilizări corporale (din ct. 4093)	56		
306	- avansuri acordate entităților afiliate nerezidente pentru imobilizări corporale (din ct. 4093)	57		
48	Imobilizări financiare, în sume brute (rd. 59 + 65), din care:	58	37.676.772	38.813.489
49	Acțiuni deținute la entitățile afiliate, interese de participare, alte titluri imobilizate și obligațiuni, în sume brute (rd. 60 + 61 + 62 + 64), din care:	59	33.284.000	38.813.489
50	- acțiuni necotate emise de rezidenți	60	16.336.384	25.346.203
51	- părți sociale emise de rezidenți	61	16.947.616	13.467.286
52	- acțiuni și părți sociale emise de nerezidenți, din care	62		
307	- dețineri de cel puțin 10%	63		
53	- obligațiuni emise de nerezidenți	64		
54	Creanțe imobilizate, în sume brute (rd. 66 + 67), din care:	65	4.392.772	
55	- creanțe imobilizate în lei și exprimate în lei, a căror decontare se face în funcție de cursul unei valute (din ct. 267)	66		
56	- creanțe imobilizate în valută (din ct. 267)	67	4.392.772	

57	Creanțe comerciale, avansuri pentru cumpărări de bunuri de natura stocurilor și pentru prestări de servicii acordate furnizorilor și alte conturi asimilate, în sume brute (ct. 4091 + 4092 + 411 + 413 + 418 + 4642), din care:	68	3.174.778	13.898.095
58	- creanțe comerciale în relația cu entitățile neafiliate nerezidente, avansuri pentru cumpărări de bunuri de natura stocurilor și pentru prestări de servicii acordate furnizorilor neafiliați nerezidenți și alte conturi asimilate, în sume brute în relație cu neafiliații nerezidenți (din ct. 4091 + din ct. 4092 + din ct. 411 + din ct. 413 + din ct. 418 + din ct.4642)	69	1.307.169	830.757
308	- creanțe comerciale în relația cu entitățile afiliate nerezidente, avansuri pentru cumpărări de bunuri de natura stocurilor și pentru prestări de servicii acordate furnizorilor afiliați nerezidenți și alte conturi asimilate, în sume brute în relație cu afiliații nerezidenți (din ct. 4091 + din ct. 4092 + din ct. 411 + din ct. 413 + din ct. 418 + din ct.4642)	70		
59	Creanțe neîncasate la termenul stabilit (din ct. 4091 + din ct. 4092 + din ct. 411 + din ct. 413)	71	609.046	1.115.334
60	Creanțe în legătură cu personalul și conturi asimilate (ct. 425 + 4282)	72		
61	Creanțe în legătură cu bugetul asigurărilor sociale și bugetul statului (din ct. 431 + 436 + 437 + 4382 + 441 + 4424 + 4428 + 444 + 445 + 446 + 447 + 4482), (rd.74 la 78), din care:	73	217.414	1.086.214
62	- creanțe în legătură cu bugetul asigurărilor sociale (ct. 431 + 437 + 4382)	74	39.710	71.373
63	- creanțe fiscale în legătură cu bugetul statului (ct. 436 + 441 + 4424 + 4428 + 444 + 446)	75	177.704	1.014.841
64	- subvenții de încasat (ct. 445)	76		
65	- fonduri speciale - taxe și vărsăminte asimilate (ct. 447)	77		
66	- alte creanțe în legătură cu bugetul statului (ct. 4482)	78		
67	Creanțele entității în relațiile cu entitățile afiliate (ct.451), din care:	79		
68	- creanțe cu entități afiliate nerezidente (din ct.451), din care:	80		
69	- creanțe comerciale cu entități afiliate nerezidente (din ct.451)	81		
70	Creanțe în legătură cu bugetul asigurărilor sociale și bugetul statului neîncasate la termenul stabilit (din ct. 431 + din ct.436 + din ct. 437 + din ct. 4382 + din ct. 441 + din ct. 4424 + din ct. 4428 + din ct. 444 + din ct. 445 + din ct. 446 + din ct. 447 + din ct. 4482)	82	39.710	71.373
71	Creanțe din operațiuni cu instrumente derivate (ct. 4652)	83		
72	Alte creanțe (ct. 453 + 456 + 4582 + 461 + 4662 + 471 + 473 + 4762), din care:	84	2.068.474	1.067.501
73	- decontări cu entitățile asociate și entitățile controlate în comun, decontări cu acționarii privind capitalul și decontări din operațiuni în participație (ct. 453 + 456 + 4582)	85		
74	- alte creanțe în legătură cu persoanele fizice și persoanele juridice, altele decât creanțele în legătură cu instituțiile publice (instituțiile statului) (din ct. 461 + 4662+ din ct. 471 + din ct. 473)	86	2.068.474	1.066.538
75	- sumele preluate din contul 542 "Avansuri de trezorerie" reprezentând avansurile de trezorerie, acordate potrivit legii și nedecontate până la data de raportare (din ct. 461)	87		
76	Dobânzi de încasat (ct. 5187), din care:	88		

77	- de la nerezidenți	89		
314	Dobânzi de încasat de la nerezidenți (din ct. 4518 + din ct. 4538)	90		
78	Valoarea împrumuturilor acordate operatorilor economici****)	91		
79	Investiții pe termen scurt, în sume brute (ct. 505 + 506 + 507 + din ct. 508), din care:	92	17.919.885	13.790.384
80	- acțiuni necotate emise de rezidenți	93	225.270	
81	- părți sociale emise de rezidenți	94		
82	- acțiuni emise de nerezidenți	95		
83	- obligațiuni emise de nerezidenți	96		
320	- dețineri de obligațiuni verzi	97		
84	Alte valori de încasat (ct. 5113 + 5114)	98		
85	Casa în lei și în valută (rd. 100 + 101), din care:	99	1.141	1.041
86	- în lei (ct. 5311)	100	1.141	1.041
87	- în valută (ct. 5314)	101		
88	Conturi curente la bănci în lei și în valută (rd. 103 + 105), din care:	102	8.752.052	13.469.088
89	- în lei (ct. 5121), din care:	103	5.360.327	2.158.440
90	- conturi curente în lei deschise la bănci nerezidente	104		
91	- în valută (ct. 5124), din care:	105	3.391.725	11.310.648
92	- conturi curente în valută deschise la bănci nerezidente	106	28.997	29.363
93	Alte conturi curente la bănci și acreditive (rd. 108 + 109), din care:	107		
94	- sume în curs de decontare, acreditive și alte valori de încasat, în lei (ct. 5112 + din ct. 5125 + 5411)	108		
95	- sume în curs de decontare și acreditive în valută (din ct. 5125 + 5414)	109		
96	Datorii (rd. 111 + 114 + 117 + 118 + 121 + 124 + 127 + 128 + 133 + 137 + 140 + 141 + 147), din care:	110	16.271.633	34.077.878
97	Credite bancare externe pe termen scurt (credite primite de la instituții financiare nerezidente pentru care durata contractului de credit este mai mică de 1 an) (din ct. 519), (rd. 112 + 113), din care:	111		
98	- în lei	112		
99	- în valută	113		

100	Credite bancare externe pe termen lung (credite primite de la instituții financiare nerezidente pentru care durata contractului de credit este mai mare sau egală cu 1 an) (din ct. 162), (rd. 115 + 116), din care:	114		
101	- în lei	115		
102	- în valută	116		
103	Credite de la trezoreria statului și dobânzile aferente (ct. 1626 + din ct. 1682)	117		
104	Alte împrumuturi și dobânzile aferente (ct. 166 + 1685 + 1686 + 1687), (rd. 119 + 120), din care:	118		
105	- în lei și exprimate în lei, a căror decontare se face în funcție de cursul unei valute	119		
106	- în valută	120		
107	Alte împrumuturi și datorii asimilate (ct. 167), din care:	121		
108	- valoarea concesiunilor primite (din ct. 167)	122		
321	- valoarea obligațiunilor verzi emise de entitate	123		
109	Datorii comerciale, avansuri primite de la clienți și alte conturi asimilate, în sume brute (ct. 401 + 403 + 404 + 405 + 408 + 419 + 4641), din care:	124	3.700.431	22.375.564
110	- datorii comerciale în relația cu entitățile neafiliate nerezidente, avansuri primite de la clienți neafiliați nerezidenți și alte conturi asimilate, în sume brute în relație cu neafiliații nerezidenți (din ct. 401 + din ct. 403 + din ct. 404 + din ct. 405 + din ct. 408 + din ct. 419 + din ct.4641)	125	273.027	96.735
309	- datorii comerciale în relația cu entitățile afiliate nerezidente, avansuri primite de la clienți afiliați nerezidenți și alte conturi asimilate, în sume brute în relație cu afiliații nerezidenți (din ct. 401 + din ct. 403 + din ct. 404 + din ct. 405 + din ct. 408 + din ct. 419 + din ct.4641)	126		
111	Datorii în legătură cu personalul și conturi asimilate (ct. 421 + 422 + 423 + 424 + 426+ 427 + 4281)	127	60.357	105.757
112	Datorii în legătură cu bugetul asigurărilor sociale și bugetul de stat (ct. 431 + 436 + 437 + 4381 + 441 + 4423 + 4428 + 444 + 446 + 447 + 4481), (rd. 129 la 132), din care:	128	315.269	112.569
113	- datorii în legătură cu bugetul asigurărilor sociale (ct. 431 + 437 + 4381)	129	27.230	89.613
114	- datorii fiscale în legătură cu bugetul de stat (ct.436 + 441 + 4423 + 4428 +444 + 446)	130	288.039	22.956
115	- fonduri speciale – taxe și vărsăminte asimilate (ct. 447)	131		
116	- alte datorii în legătură cu bugetul de stat (ct.4481)	132		
117	Datoriile entității în relațiile cu entitățile afiliate(ct. 451), din care:	133		
118	- datorii cu entități afiliate nerezidente ²⁾ (din ct. 451), din care:	134		
310	- cu scadența inițială mai mare de un an	135		
119	- datorii comerciale cu entități afiliate nerezidente indiferent de scadență (din ct. 451)	136		

120	Sume datorate acționarilor/asociaților (ct. 455), din care:	137		
121	- sume datorate acționarilor/asociaților persoane fizice	138		
122	- sume datorate acționarilor/asociaților persoane juridice	139		
123	Datorii din operațiuni cu instrumente derivate (ct. 4651)	140		
124	Alte datorii (ct. 269 + 453 + 456 + 457 + 4581 + 462 + 4661+ 467 + 472 + 473 + 4761 + 478 + 509), din care:	141	12.195.576	11.483.988
125	- decontări cu entitățile asociate și entitățile controlate în comun, decontări cu acționarii privind capitalul, dividende și decontări din operații în participație (ct. 453 + 456 + 457 + 4581 + 467)	142		
126	- alte datorii în legătură cu persoanele fizice și persoanele juridice, altele decât datoriile în legătură cu instituțiile publice (instituțiile statului) ³⁾ (din ct. 462 + ct. 4661+ din ct. 472 + din ct. 473)	143	12.195.576	11.483.988
127	- subvenții nereluate la venituri (din ct. 472)	144		
128	- vârsăminte de efectuat pentru imobilizări financiare și investiții pe termen scurt (ct. 269 + 509)	145		
129	- venituri în avans aferente activelor primite prin transfer de la clienți (ct. 478)	146		
130	Dobânzi de plătit (ct. 5186), din care:	147		
311	- către nerezidenți	148		
315	Dobânzi de plătit către nerezidenți (din ct. 4518 + din ct. 4538)	149		
131	Valoarea împrumuturilor primite de la operatorii economici****)	150		
132	Capital subscris vărsat (ct. 1012) din care:	151	48.043.690	52.848.060
133	- acțiuni cotate ⁴⁾	152	48.043.690	52.848.060
134	- acțiuni necotate ⁵⁾	153		
135	- părți sociale	154		
136	- capital subscris vărsat de nerezidenți (din ct.1012)	155		
137	Brevete si licențe (din ct.205)	156	5.800.518	5.790.355
IX. Informații privind cheltuielile cu colaboratorii		Nr. rand	31 decembrie 2021	31 decembrie 2022
A		B	1	2
138	Cheltuieli cu colaboratorii (ct. 621)	157	484.356	441.684
X. Informații privind bunurile din domeniul public al statului		Nr. rand	31 decembrie 2021	31 decembrie 2022
A		B	1	2
139	Valoarea bunurilor din domeniul public al statului aflate în administrare	158		
140	Valoarea bunurilor din domeniul public al statului aflate în concesiune	159		

141	Valoarea bunurilor din domeniul public al statului închiriate		160		
	XI. Informații privind bunurile din proprietatea privată a statului supuse inventarierii cf. OMFP nr. 668/2014		Nr. rand	31 decembrie 2021	31 decembrie 2022
	A		B	1	2
142	Valoarea contabilă netă a bunurilor ⁶⁾		161		
	XII. Capital social vărsat	Nr. rand	31 decembrie 2021		31 decembrie 2022
			Suma (col.1)	% ⁷⁾ (col.2)	Suma (col.3) % ⁷⁾ (col.4)
	A	B	1	2	3 4
143	Capital social vărsat (ct. 1012) ⁷⁾ (rd. 163 + 166 + 170 + 171 + 172 + 173), din care:	162	48.043.690	x	528.480.595 x
144	- deținut de instituții publice (rd. 164 + 165), din care:	163		0	0
145	- deținut de instituții publice de subordonare centrală;	164		0	0
146	- deținut de instituții publice de subordonare locală;	165		0	0
147	- deținut de societățile cu capital de stat, din care:	166		0	0
148	- cu capital integral de stat;	167		0	0
149	- cu capital majoritar de stat;	168		0	0
150	- cu capital minoritar de stat;	169		0	0
151	- deținut de regii autonome	170		0	0
152	- deținut de societățile cu capital privat	171	6.852.009	14,26	156.944.679 29,7
153	- deținut de persoane fizice	172	41.191.681	85,74	371.535.916 70,3
154	- deținut de alte entități	173		0	0
			Nr. rand	Sume (lei)	
	A		B	2021	2022
155	XIII. Dividende/vărsăminte cuvenite bugetului de stat sau local, de repartizat din profitul exercițiului financiar de către companiile naționale, societățile naționale, societățile și regiile autonome, din care:		174		

	A	B	1	2
156	- către instituții publice centrale;	175		
157	- către instituții publice locale;	176		
158	- către alți acționari la care statul/unitățile administrativ teritoriale/instituțiile publice dețin direct/indirect acțiuni sau participații indiferent de ponderea acestora.	177		
		Nr. rand	Sume (lei)	
	A	B	2021	2022
159	XIV. Dividende/vărsăminte cuvenite bugetului de stat sau local și virate în perioada de raportare din profitul reportat al companiilor naționale, societăților naționale, societăților și al regiilor autonome, din care:	178		
160	- dividende/vărsăminte din profitul exercițiului financiar al anului precedent, din care virate:	179		
161	- către instituții publice centrale;	180		
162	- către instituții publice locale;	181		
163	- către alți acționari la care statul/unitățile administrativ teritoriale/instituțiile publice dețin direct/indirect acțiuni sau participații indiferent de ponderea acestora.	182		
164	- dividende/vărsăminte din profitul exercițiilor financiare anterioare anului precedent, din care virate:	183		
165	- către instituții publice centrale;	184		
166	- către instituții publice locale;	185		
167	- către alți acționari la care statul/unitățile administrativ teritoriale/instituțiile publice dețin direct/indirect acțiuni sau participații indiferent de ponderea acestora.	186		
	XV. Dividende distribuite acționarilor din profitul reportat	Nr. rand	Sume (lei)	
	A	B	2021	2022
313	- Dividende distribuite acționarilor în perioada de raportare din profitul reportat	187		
	XVI. Repartizări interimare de dividende potrivit Legii nr. 163/2018	Nr. rand	Sume (lei)	
	A	B	2021	2022
312	- dividendele interimare repartizate ⁸⁾	188		
	XVII. Creanțe preluate prin cesionare de la persoane juridice *****)	Nr. rand	Sume (lei)	
			31 decembrie 2021	31 decembrie 2022
	A	B	1	2
168	Creanțe preluate prin cesionare de la persoane juridice (la valoarea nominală), din care:	189		
169	- creanțe preluate prin cesionare de la persoane juridice afiliate	190		
170	Creanțe preluate prin cesionare de la persoane juridice (la cost de achiziție), din care:	191		
171	- creanțe preluate prin cesionare de la persoane juridice afiliate	192		

	XVIII. Venituri obținute din activități agricole *****)	Nr. rand	Sume (lei)	
			31 decembrie 2021	31 decembrie 2022
	A	B	1	2
172	Venituri obținute din activități agricole	193		
322	XVIV. Cheltuieli privind calamitățile și alte evenimente similare (ct. 6587), din care:	194		
323	- inundații	195		
324	- secetă	196		
325	- alunecări de teren	197		

FORMULAR VALIDAT

Suma de control Formular 30:

1839961901 /
3937619235X622366243374904210663849506171
39504190121250617139504190121219773518768
21650319773518768216503485054100858338675
91106878118896014223923867592224593

Semnături ►

Administrator

Nume și prenume

IVYLON MANAGEMENT SRL PRIN
LOGOFATU MIHAI ALEXANDR

Semnatura

Intocmit

Nume și prenume

DCA Financial Zone SRL

Calitatea

22--Persoana juridica autorizata**

Nr.de inregistrare in organismul profesional

10554

Semnatura

*) Subvenții pentru stimularea ocupării forței de muncă (transferuri de la bugetul statului către angajator) - reprezintă sumele acordate angajatorilor pentru plata absolvenților instituțiilor de învățământ, stimularea șomerilor care se încadrează în muncă înainte de expirarea perioadei de șomaj, stimularea angajatorilor care încadrează în muncă pe perioadă nedeterminată șomeri în vârstă de peste 45 ani, șomeri întreținători unici de familie sau șomeri care în termen de 3 ani de la data angajării îndeplinesc condițiile pentru a solicita pensia anticipată parțială sau de acordare a pensiei pentru limita de vârstă, ori pentru alte situații prevăzute prin legislația în vigoare privind sistemul asigurărilor pentru șomaj și stimularea ocupării forței de muncă.

**) Se va completa cu cheltuielile efectuate pentru activitatea de cercetare-dezvoltare, respectiv cercetarea fundamentală, cercetarea aplicativă, dezvoltarea tehnologică și inovarea, stabilite potrivit prevederilor Ordonanței Guvernului nr. 57/2002 privind cercetarea științifică și dezvoltarea tehnologică, aprobată cu modificări și completări prin Legea nr. 324/2003, cu modificările și completările ulterioare.

***) Se va completa cu cheltuielile efectuate pentru activitatea de inovare.

La completarea rândurilor corespunzătoare capitolelor VI și VII sunt avute în vedere prevederile Regulamentului de punere în aplicare (UE) 2020/1197 al Comisiei din 30 iulie 2020 de stabilire a specificațiilor tehnice și a modalităților în temeiul Regulamentului (UE) 2019/2152 al Parlamentului European și al Consiliului privind statisticile europene de întreprindere și de abrogare a 10 acte juridice în domeniul statisticilor de întreprindere, publicat în Jurnalul Oficial al Uniunii Europene, seria L, nr. 271 din 18 august 2020. Prin acest Regulament a fost abrogat Regulamentul de punere în aplicare (UE) nr. 995/2012 al Comisiei din 26 octombrie 2012 de stabilire a normelor de punere în aplicare a Deciziei nr. 1.608/2003/CE a Parlamentului European și a Consiliului privind producția și dezvoltarea statisticilor comunitare în domeniul științei și al tehnologiei.

****) În categoria operatorilor economici nu se cuprind entitățile reglementate și supravegheate de Banca Națională a României, respectiv Autoritatea de Supraveghere Financiară, societățile reclassificate în sectorul administrației publice și instituțiile fără scop lucrativ în serviciul gospodăriilor populației.

*****) Pentru creanțele preluate prin cesionare de la persoane juridice se vor completa atât valoarea nominală a acestora, cât și costul lor de achiziție.

Pentru statutul de „persoane juridice afiliate” se vor avea în vedere prevederile art. 7 pct. 26 lit. c) și d) din Legea nr. 227/2015 privind Codul fiscal, cu modificările și completările ulterioare.

Conform art. 11 din Regulamentul Delegat (UE) nr. 639/2014 al Comisiei din 11 martie 2014 de completare a Regulamentului (UE) nr. 1307/2013 al Parlamentului European și al Consiliului de stabilire a unor norme privind plățile directe acordate fermierilor prin scheme de sprijin în cadrul politicii agricole comune și de modificare a anexei X la regulamentul menționat, „(1) ... veniturile obținute din activitățile agricole sunt veniturile care au fost obținute de un fermier din activitatea sa agricolă în sensul articolului 4 alineatul (1) litera (c) din regulamentul menționat (R (UE) 1307/2013), în cadrul exploatației sale, inclusiv sprijinul din partea Uniunii din Fondul european de garantare agricolă (FEGA) și din Fondul european agricol pentru dezvoltare rurală (FEADR), precum și orice ajutor național acordat pentru activități agricole, cu excepția plăților directe naționale complementare în temeiul articolelor 18 și 19 din Regulamentul (UE) nr. 1307/2013. Veniturile obținute din prelucrarea produselor agricole în sensul articolului 4 alineatul (1) litera (d) din Regulamentul (UE) nr. 1307/2013 ale exploatației sunt considerate venituri din activități agricole cu condiția ca produsele prelucrate să rămână proprietatea fermierului și ca o astfel de prelucrare să aibă ca rezultat un alt produs agricol în sensul articolului 4 alineatul (1) litera (d) din Regulamentul (UE) nr. 1307/2013.

Orice alte venituri sunt considerate venituri din activități neagricole.

(2) În sensul alineatului (1), „venituri” înseamnă veniturile brute, înainte de deducerea costurilor și impozitelor aferente. ...”.

1) Se vor include chiriile plătite pentru terenuri ocupate (culturi agricole, pășuni, fânețe etc.) și aferente spațiilor comerciale (terase etc.) aparținând proprietarilor privați sau unor unități ale administrației publice, inclusiv chiriile pentru folosirea luciului de apă în scop recreativ sau în alte scopuri (pescuit etc.).

2) Valoarea înscrisă la rândul „datorii cu entități afiliate nerezidente (din ct. 451), din care:” NU se calculează prin însumarea valorilor de la rândurile „cu scadența inițială mai mare de un an” și „datorii comerciale cu entitățile afiliate nerezidente indiferent de scadență (din ct. 451)”.

3) În categoria „Alte datorii în legătură cu persoanele fizice și persoanele juridice, altele decât datoriile în legătură cu instituțiile publice (instituțiile statului)” nu se vor înscrie subvențiile aferente veniturilor existente în soldul contului 472.

4) Titluri de valoare care conferă drepturi de proprietate asupra societăților, care sunt negociabile și tranzacționate, potrivit legii.

5) Titluri de valoare care conferă drepturi de proprietate asupra societăților, care nu sunt tranzacționate.

6) Se va completa de către operatorii economici cărora le sunt incidente prevederile Ordinului ministrului finanțelor publice și al ministrului delegat pentru buget nr. 668/2014 pentru aprobarea Precizărilor privind întocmirea și actualizarea inventarului centralizat al bunurilor imobile proprietate privată a statului și a drepturilor reale supuse inventarierii, cu modificările și completările ulterioare.

7) La secțiunea „XII Capital social vărsat” la rd. 163 - 173 în col. 2 și col. 4 entitățile vor înscrie procentul corespunzător capitalului social deținut în totalul capitalului social vărsat înscris la rd. 162.

8) La acest rând se cuprind dividendele repartizate potrivit Legii nr. 163/2018 pentru modificarea și completarea Legii contabilității nr. 82/1991, modificarea și completarea Legii societăților nr. 31/1990, precum și modificarea Legii nr. 1/2005 privind organizarea și funcționarea cooperăției.

COD40. SITUATIA ACTIVELOR IMOBILIZATE la data de 31.12.2022						-lei	
Elemente de imobilizari	Nr. rand	Valori brute					
		Sold initial	Cresteri ¹	Reduceri ²		Sold final (col.5 = 1 + 2 - 3)	
				Total	Din care: dezmembrari si casari		
A	B	1	2	3	4	5	
I. Imobilizări necorporale							
1.Cheltuieli de dezvoltare	01				X		
2.Concesiuni, brevete, licente, marci comerciale, drepturi si active similare si alte imobilizari necorporale	02	7.722.282	165.664		X	7.887.946	
3.Fond comercial	03				X		
4.Avansuri acordate pentru imobilizări necorporale	04	34.188	509.111	459.686	X	83.613	
5.Active necorporale de explorare și evaluare a resurselor minerale	05				X		
TOTAL (rd. 01 la 05)	06	7.756.470	674.775	459.686	X	7.971.559	
II. Imobilizări corporale							
1.Terenuri și amenajări de terenuri	07						
2.Construcții	08						
3.Instalații tehnice și mașini	09						
4.Alte instalații, utilaje și mobilier	10	216.219	70.785			287.004	
5.Investiții imobiliare	11						
6.Imobilizari corporale in curs de executie	12	157.437	2.528.340	30.654		2.655.123	
7.Investitii imobiliare in curs de executie	13						
8.Active corporale de explorare și evaluare a resurselor minerale	14						
9.Plante productive	15				X		
10.Avansuri acordate pentru imobilizări corporale	16				X		
TOTAL (rd. 07 la 16)	17	373.656	2.599.125	30.654		2.942.127	
III. Active biologice productive	18				X		
IV. Drepturi de utilizare a activelor luate în leasing	19	861.462	8.880.076	897.439	X	8.844.099	

V. Imobilizări financiare	20	53.245.036	21.595.066	9.276.070	X	65.564.032
ACTIVE IMOBILIZATE –TOTAL (rd. 06 + 17 + 18 + 19 + 20)	21	62.236.624	33.749.042	10.663.849		85.321.817

► SITUAȚIA AMORTIZĂRII ACTIVELOR IMOBILIZATE					
Elemente de imobilizări	Nr. rand	Sold initial	Amortizare în cursul anului ¹	Reducerea/ eliminarea în cursul anului a valorii amortizării ²	Amortizare la sfârșitul anului (col.9 = 6+7-8)
A	B	6	7	8	9
I. Imobilizări necorporale					
1.Cheltuieli de dezvoltare	22				
2.Concesiuni, brevete, licențe, mărci comerciale, drepturi și active similare și alte imobilizări necorporale	23	506.171	395.041		901.212
3.Active necorporale de explorare și evaluare a resurselor minerale	24				
TOTAL (rd. 22 + 23 + 24)	25	506.171	395.041		901.212
II. Imobilizări corporale					
1.Amenajări de terenuri	26				
2.Construcții	27				
3.Instalații tehnice și mașini	28				
4.Alte instalații, utilaje și mobilier	29	197.735	18.768		216.503
5.Investiții imobiliare	30				
6.Active corporale de explorare și evaluare a resurselor minerale	31				
7.Plante productive	32				
TOTAL (rd. 26 la 32)	33	197.735	18.768		216.503
III. Active biologice productive	34				
IV. Drepturi de utilizare a activelor luate în leasing	35	485.054	1.008.583	386.759	1.106.878
AMORTIZĂRI – TOTAL (rd. 25 + 33 + 34 + 35)	36	1.188.960	1.422.392	386.759	2.224.593

► SITUAȚIA AJUSTĂRILOR PENTRU DEPRECIERE					
Elemente de imobilizări	Nr. rand	Sold initial	Ajustări constituite în cursul anului	Ajustări reluate la venituri	Sold final (c.13 = 10+11-12)
A	B	10	11	12	13
I. Imobilizări necorporale					
1.Cheltuieli de dezvoltare	37				
2.Concesiuni, brevete, licențe, mărci comerciale, drepturi și active similare și alte imobilizări necorporale	38				
3.Avansuri acordate pentru imobilizări necorporale	39				
4.Active necorporale de exploatare și evaluare a resurselor minerale	40				
TOTAL (rd. 37 la 40)	41				
II. Imobilizări corporale					
1.Terenuri și amenajări de teren	42				
2.Construcții	43				
3.Instalații tehnice și mașini	44				
4.Alte instalații, utilaje și mobilier	45				
5.Investiții imobiliare	46				
6.Imobilizări corporale în curs de execuție	47				
7.Investiții imobiliare în curs de execuție	48				
8.Active corporale de explorare și evaluare a resurselor minerale evaluate la cost	49				
9.Plante productive	50				
10.Avansuri acordate pentru imobilizări corporale	51				
TOTAL (rd. 42 la 51)	52				
III. Active biologice productive	53				
IV. Drepturi de utilizare a activelor luate în leasing	54				
V. Imobilizări financiare	55				
AJUSTĂRI PENTRU DEPRECIERE – TOTAL (rd. 41 + 52 + 53 + 54 + 55)	56				

SITUAȚIA ACTIVELOR IMOBILIZATE

1 se cuprind și creșterile rezultate din reevaluare sau alte operațiuni care presupun debitarea conturilor de active imobilizate

2 se cuprind și reducerile rezultate din reevaluare sau alte operațiuni care presupun creditarea conturilor de active imobilizate

SITUAȚIA AMORTIZĂRII ACTIVELOR IMOBILIZATE

1 se cuprind și creșterile rezultate din reevaluare sau alte operațiuni care presupun creditarea conturilor aferente amortizării activelor imobilizate

2 se cuprind și reducerile rezultate din reevaluare sau alte operațiuni care presupun debitarea conturilor aferente amortizării activelor imobilizate

FORMULAR VALIDAT	Suma de control Formular 40: NaN / 3937619235X622366243374904210663849
------------------	--

Semnături ►	Administrator	Intocmit
	Nume și prenume	Nume și prenume
	IVYLON MANAGEMENT SRL PRIN LOGOFATU MIHAI ALEXANDR	DCA Financial Zone SRL
	Semnatura	Calitatea
		22--Persoana juridica autorizata**
		Nr.de inregistrare in organismul profesional
		10554
		Semnatura

STATEMENT OF THE MANAGEMENT

The undersigned Logofatu Mihai Alexandru Constantin, as the legal representative we confirm, based on the data we have at the present time, that the consolidated and individual financial statements of the Issuer, drawn up in accordance with the applicable accounting standards, provide a correct statement with the reality regarding the financial position of the Group as well as the Issuer, financial performance and cash flows for the year ended on December 31st, 2022 and that the Administrators' Report - presented in the form of a Universal Registration Document – provides a correct statement and conforms to the reality regarding the development and performance of the Group's activity, as well as a description of the main risks and uncertainties related to the expected development of the Group.

We remind investors that the auditor's opinion on the consolidated financial statements contains a reservation regarding the presentation of revenues from the perspective of IFRS15. The reserve has no impact on financial results – profit and net assets and equity. The position of the management regarding the auditor's opinion was published as early as 27.03.2023 as a supporting document for the agenda of the Ordinary General Meeting of Shareholders, on the Issuer's website dedicated to the AGM of 27.04.2023:

<https://investors.bittnet.ro/ro/intalniri-ale-actionarilor/aga-27-aprilie-2023/>

The auditor's opinion on the individual financial statements of the Issuer is unqualified.

Mihai Alexandru Constantin Logofatu,
reprezentant legal al Presedintelui CA Bittnet Systems