

## Revocation of BDO auditor. Election of Lionlink auditors for financial year 2023 and KPMG for financial year 2024

The shareholder approval is required for the election of a new auditor. BDO Audit audited the individual financial statements of the issuer and the companies in the scope of consolidation, as well as the consolidated statements of Bittnet group for the fiscal years ended 31.12.2020, 31.12.2021 and 31.12.2022. The auditor's opinion for the fiscal years ended 31.12.2020 and 31.12.2021, both for the individual statements and for the consolidated statements, was without any reserves.

The auditor's opinion for the fiscal year ended on 31.12.2022 contained a reserve regarding the revenues recognition from the resale of software licenses. According to the auditor, the revenue recognition policy from the IT&C integration activity, especially in the hardware and software resale part, with a focus on software licensing, is not fully compliant with the IFRS15 standard (regarding revenue recognition: Principal vs Agent).

According to the auditor, the non-compliance to IFRS15 standard has no effect on the profit, equity or assets, but only on the consolidated turnover, as follows: The auditor considers that the value of the revenue from the sale of solutions and the expenses with the goods must be reduced by the value invoiced by the supplier, and the revenue to be presented only as the Gross Margin. Management's position on the auditor's opinion has been set out in detail in the documents and notes for the OGMS Agenda from 27 April 2023.

The Company's shareholders approved in the OGMS of April 27<sup>th</sup>, 2023 the individual and consolidated financial statements of the year 2022 with a positive vote in proportion to 99.2456% of the votes cast.

Without aiming to modify or overwrite the BDO auditor's opinion, the Company requested the opinion of other audit companies on the IFRS15 standard, the preliminary opinion being that the Group's revenue recognition policy complies with the provisions of IFRS15 in most of the analyzed cases.

The Board of Directors convened the General Meeting of Shareholders for October 30<sup>th</sup>, 2023 to revoke the mandate of the BDO auditor and proposes to the shareholders to entrust the audit mission for auditing the financial statements of the year 2023 – to a new auditor: LIONLINK Audit SRL (headquartered in Cluj-Napoca, Piața Avram Iancu, No. 15, Cluj County, registered at the Bucharest Trade Register under no. J12/1894/2009, having CUI 26097382, company authorized by the Romanian Chamber of Financial Auditors with authorization no. 944/04.12.2009, ASPAAS authorization no. FA944) . The mission of the Lionlink auditor will be to audit the individual statements of the issuer, Bittnet Systems SA, related to the year 2023, as well as the consolidated financial statements of the Group for the year 2023.

At the same time, the Board of Directors will be authorized to:

- (i) to negotiate the terms and conditions of the auditor's mandate of LIONLINK AUDIT SRL, as well as to negotiate, approve and sign any documents, respectively to perform any necessary, useful or appropriate legal acts and facts in connection with the above;

- (ii) to authorize representatives of the Company to sign any such documents, perform any such formalities and perform any such actions.

If the shareholders approve point 3 on the OGMS agenda, the auditor's mandate will be established until April 30, 2024. In consequence, the Company's Articles of Association, respectively article 22.4, will be updated accordingly.

Starting with 2023, the audit for the individual financial statements of the companies part of the consolidation perimeter of Bittnet Group (other than Bittnet Systems SA) will be carried out by KPMG Audit SRL (headquartered in Bucharest, Șoseaua București – Ploiești no. 89A, Sector 1, registered at the Bucharest Trade Register under no. J40/4439/2000, having CUI 12997279, company authorized by the Chamber of Financial Auditors from Romania with authorization no. 9/2001, registration opinion issued by FSA no. 48/11.02.2016).

For the fiscal year 2024, the management proposes to shareholders in point 4 to approve the mandate for auditing the financial statements of the issuer and the companies in the consolidation perimeter, as well as the consolidated financial statements of the Group, to KPMG Audit. In consequence, the Board of Directors is authorized to:

- (i) to negotiate the terms and conditions of the mandate of KPMG AUDIT SRL, as well as to negotiate, approve and sign any documents, respectively to fulfill any necessary legal acts and deeds;
- (ii) authorize representatives of the Company to sign any such documents, perform any such formalities and perform any such actions.

If the shareholders approve item 4 on the OGMS agenda, the auditor's mandate will begin on 01.05.2024, and will be valid until 30.04.2025. From the date of appointment KPMG AUDIT SRL as auditor of the Company, respectively 01.05.2024, the mandate of the previous auditor, LIONLINK AUDIT SRL, will be revoked. In this sense, the Company's Articles of Association will be updated, respectively article 22.4.

KPMG Audit cannot audit the Issuer's consolidated and individual financial statements for the year 2023 as a result of auditor independence restrictions in accordance with EU Regulation no. 537/2014, regarding the provision of non-audit services provided in 2023 by an affiliated company of KPMG Audit to Bittnet Systems SA.

