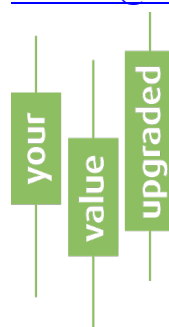


Bittnet Group preliminary results FY2023

For fiscal year	01.01.2023 - 31.12.2023
Date	23 februarie 2024
Name of the company	BITTNET SYSTEMS S.A.
HQ	Str. Sergent Ion Nutu, nr. 44, One Cotroceni Park, Corp A si Corp B, etaj 4, sector 5, Bucuresti
Adress	Str. Sergent Ion Nutu, nr. 44, One Cotroceni Park, Corp A si Corp B, etaj 4, sector 5, Bucuresti
Telephone	021.527.16.00 / 021.527.16.98
Uniq registration code	21181848
Registration number at Trade Registry	J40/3752/2007
The market for shares	Bucharest Stock Exchange, Main Market, Segment Standard
Shared capital	63.417.671,40 RON
	634.176.714 shares with a face value of 0.10 RON per share
Ticker	BNET - shares BNET26E, BNET27A, BNET28 – bonds
Cod ISIN	ROBNETACNOR1
Contact	investors@bittnet.ro

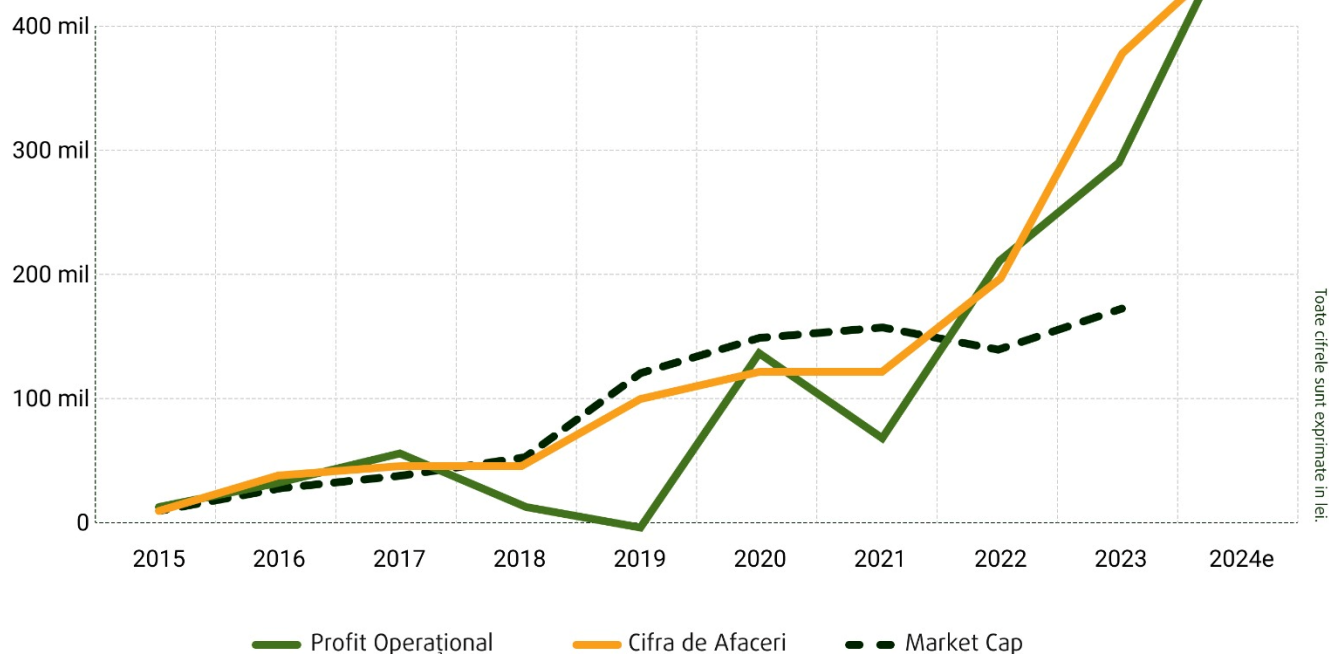


Key information

	Revenue	Operational Profit [1]	Net Profit	Operational CashFlow	Assets	Cash	Equity	Mkt. Cap.	ROE
2014	8,180	582	115	394	5,428	813	865	7,896	
2015	9,993	1,608	889	471	8,253	3,008	1,920	8,108	122%
2016	13,667	1,929	870	-1,768	10,446	2,355	3,100	21,418	61%
2017	27,682	2,743	1,206	373	30,898	11,060	5,961	31,941	66%
2018	47,891	1,319	4,408	3,397	59,069	13,048	14,001	55,530	86%
2019	99,750	838	-4,458	8,502	88,462	20,824	12,372	112,717	-12%
2020	109,192	5,930	1,025	8,120	102,353	24,873	27,646	157,586	49%
2021	112,591	3,879	13,021	4,242	133,961	23,405	55,249	161,907	61%
2022	192,156	8,372	-2,192	17,995	220,596	42,300	57,494	155,902	9%
2023	383,241	12,140	609	60,989	305,452	73,732	91,374	174.398	7%
CAGR	53%	39%	20%	75%	56%	65%	68%	41%	
YoY	100%	45%	28%	239%	38%	74%	59%	12%	
Main MARKET	284%	1348%	14%	617%	245%	254%	638%	55%	

In the below chart, we have summarized the essence of our operating model that we have followed so far and our investment thesis proposal. The chart shows the evolution of revenue, assets, market capitalization and operating profit, providing a visual insight into our investment performance and strategic direction

Evoluție Profit Operațional & Cifra de Afaceri vs. Market Cap



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Letter from the CEO

Moderate growth

In 2023, the Group's key indicator, operating profit, increased by 46%, reaching the amount of 12 million lei, and our group's revenues increased by 100%, reaching 383 million lei. Also, the gross margin increased by 53%, reaching 65.5 million lei, while EBITDA increased by 66%, reaching 21 million lei. The gross profit is positive, amounting to 1.6 million lei.

In a message from February 2023, we emphasized the importance of not underestimating the difficulties we could face in that year and the impact on the performance of our companies. Analyzing each business pillar in detail, we find that the education and software development pillars encountered significant challenges during the year, while other areas exceeded expectations. Moreover, the size of our group has allowed the education team to review and redefine strategy and start the new year with a pipeline of projects for 2024 richer than ever in 16-years history.

It is important to recognize that each year brings new challenges, and these represent opportunities for our group to demonstrate its antifragility. We will not perform in all areas of business every year – we will continue to have good years and bad years in each business pillar. What the current size of our group gives us is the ability to be flexible and own a diversified portfolio of companies to maximize the growth potential of our entire group. For more details on the evolution of the activity and the challenges encountered in each of the group's pillars, I invite you to consult the next chapter.

In June 2020, when we made the transition to the Main Market of BSE, we presented our strategy for the next 5 years (2020-2024) as accelerating growth through mergers and acquisitions, with the goal of consolidated revenues of 100 million euro by the end of 2024. After the first 4 years of this cycle (11 companies acquired, 3x revenues, 14x increase in operating profit), we remain confident in achieving this goal.

Promises from the beginning of 2023

Also in a message from 2023, while we became more and more confident of reaching the goal of 100 million euro in revenue by the end of 2024, we announced that we would focus on achieving greater profitability from the current size of the business by the following methods:

- ✓ Increase the Itservices we provide, in total sales: in 2023, revenues from services were 96 million lei, up 47% compared to the previous year; this value is almost equal to the total revenue of 2019 (the year before the transfer on the Main Market).
- ✓ Expansion of the international customer base: in 2023 we delivered projects in 29 countries in the European Union, but also in Great Britain, Singapore, Moldova, Israel and the United States. Revenues from international customers amounted to 24.6 million lei, an effort that will continue in 2024
- ✓ Constant control of administrative costs as a percentage of turnover: in 2023, administrative expenses represented 10.7% of turnover, vs. 12.5% in 2022, despite inflationary increases in some costs with a significant share in total (such as rents).
- ✓ Increasing revenue through cross-selling between pillars: Each pillar in the group has at least two common clients with another pillar, indicating the existence of a significant number of clients with whom we work together. For now, the revenue generated by these joint customers represents less than 10% of the total revenue for each individual company, but we aim to actively improve this figure.
- ✓ Increase in gross margin generated: the annual value of the generated margin of 65.5 million lei represents an increase of over 50% compared to the similar period analyzed previously. Each of these initiatives will continue into 2024, while we also focus on the two sectors that had the weakest year in 2023: Education and Software Development.

About the group structure

The year 2023 was truly a year of transformation for us. We evolved from a simple group of companies to a group organized by activity pillars, with clear roles for each company and the related CEO, with consolidated results on the four main pillars. We took investor feedback into account and began to simplify our structure, reduce the number of brands and integrate them. This simplification initiative will continue into 2024, reflecting our commitment to efficiency and strategic alignment.

2023 in events

- ✓ We successfully completed the 5th and largest capital increase in the company's history, through which Impetum Group became a significant shareholder. We have thus exceeded the threshold of 100 million lei in financing attracted through capital market mechanisms in 8 years (57 million lei in equity and 58 million lei in bonds).
- ✓ We repaid three bond issues (BNET23C, BNET23 and BNET23A), bringing the total to 5 issues repaid at maturity or early, while we paid over 12 million lei to 2,000 bondholders during these years.
- ✓ for the first time for the Romanian capital market we issued two public offers of corporate bonds (BNET27A and BNET28) which were particularly successful: oversubscription of more than 1.5x, the diversity of investors and a remarkable liquidity after the listing.
- ✓ We completed the private placement that will lead to the AeRO Market for FORT in 2024 (the cybersecurity pillar), thus becoming the third company listed in the Bittnet Group, alongside Softbinator.
- ✓ Two new companies joined our Group in 2023: Dataware and Kepler, thus strengthening the pillars of Digital Infrastructure and Business Applications.
- ✓ Throughout the year, we maintained our commitment to operational profitability by carefully monitoring key indicators such as EBITDA and Operating Profit. This consistent approach allowed us to return to a positive trend in terms of net profitability, albeit to a modest extent. It's an encouraging sign of our direction, given that we managed to turn a significant negative result mid-year into a positive one, albeit to a small extent, by the end of the year.
- ✓ Our financial position continues to strengthen: more than 80% of financial debt is long-term and total financial debt (including those due in 2028) represents 61% of equity, which means we have a ratio of borrowed capital to equity below 1:1. Also, 75% of our year-end cash is equivalent to total financial debt. Additionally, the trailing cash represents more than 40% of the company's capitalization. For more details, we invite you to consult the "Financial Statement Presentation" chapter.
- ✓ We marched on AI (Artificial intelligence) and built a plan to implement AI in our organization, starting from Microsoft solutions, with the aim that in 2024 we will execute the development of solutions in our infrastructure so that every department works at the base with AI. The benefits of this integration in terms of time and cost reduction are obvious.
- ✓ We recorded the 16th year of growth in turnover as well as operating cash flow, with significant value. Key business indicators continue to maintain their annual growth trend, ranging from 35% to 75%.
- ✓ Even if the GSM took place between the end of the fiscal year and the publication of this document, we believe that the election of a new Board of Directors consisting of independent members, professionals in the field of IT or finance, represents a very important element for the next 4 years.

In the end, I am optimistic about the perspectives and I want to share my thoughts of gratitude to our colleagues who have successfully navigated a difficult year. With the return to net profit, we hope to renew the confidence and sympathy of our investors. I invite you to read the presentation of the preliminary annual statements on the following pages, and send us questions or feedback to the email address investors@bittnet.ro.

Mihai Logofătu
CEO și Co-Fondator
Bittnet Group

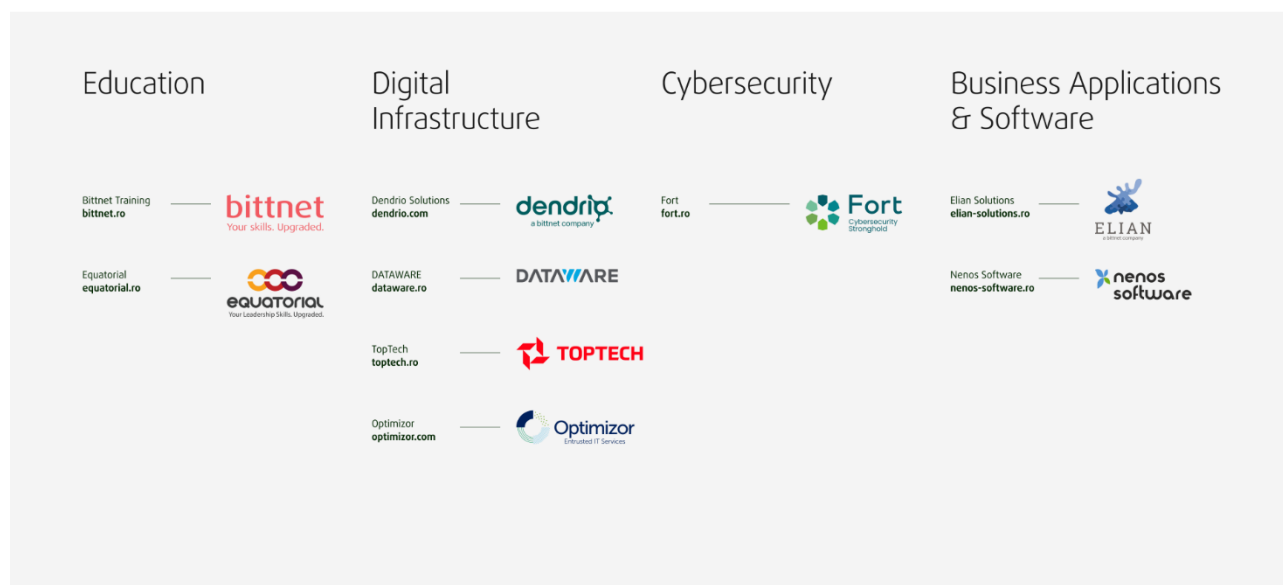
Group structure

The current structure of the Group contains 16 companies, organized in 9 commercial brands and 4 business pillars:



Business Divisions,
Jan 2024

Your Value.
Upgraded.



Analysis of the activity and performance of business segments

The process of continuous evolution of the Group, both through the launch of new products and services and through continuous acquisitions, led to the current size in which the activity is organized in centers ("cells") as independent as possible, in areas of interest "pillars of development" or "business units", which represent subfields of activity in the area of IT&C Services. Bittnet is today a conglomerate that offers investors exposure to the entire Romanian IT&C industry. Each pillar (business unit) will be able to have access to direct and independent financing from the capital market or the banking industry, cooperating with the other companies in the group to offer greater added value to both our customers and our employees or partners. Starting with the end of 2023, we started efforts to simplify the group structure by analyzing the reduction of the total number of companies through absorption/merger processes.

Digital Infrastructure (Cloud & Infrastructure)

This pillar contains 5 companies that offer complex IT solutions to clients from the corporate, large corporate, enterprise and public sector segments from all over the country but also from abroad (especially CEE and USA).

The solutions offered start from the physical infrastructure of communications, perimeter security, video systems, digital signage systems and computing and printing systems and continue with the design and implementation of complex IT architectures such as data center/hybrid or cloud, enterprise networking, cyber security and the implementation of related software platforms, including collaboration platforms (of the modern workplace type).

The services offered are both in the classic regime (project-based) and in the "managed services" format, the managed ones being delivered mainly to customers in mature markets, in Europe and in the United States. The companies that are part of this pillar today are:

- **Dendrio Solutions SRL** (CUI 11973883), owned by Bittnet Systems in proportion to 88% and led 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, is the company that brings together the IT&C integration activities from Bittnet, Gecad Net and Crescendo.
- **Dataware Consulting SRL** (CUI 27895927) – it is owned 71.13% by Dendrio Solutions and 28.87% by Bittnet Systems. Dataware implements technology solutions such as data networks, storage block & file, storage area network, disaster recovery and business continuity solutions, forensic software and security solutions. The company has partnerships with important manufacturers in the field, such as Fujitsu, Cisco, Brocade and M-Files. Dataware offers IT services to clients starting from the consulting, analysis and design phase to implementation, support and testing, especially for complex projects.
- **Top Tech SRL** (CUI 2114184), owned 40% by Bittnet Systems and 46% by Dendrio Solutions, is led by Dragoş Groza, is a company with a 30-year history, which integrates IT infrastructures (communications, data processing, physical security systems) from vendors such as Dell, HP, Xerox or Microsoft, with a regional presence, having 6 branches in Transylvania and Banat and a team of over 86 specialists.
- **zNet Computer SRL** (CUI 8586712), owned by Dendrio Solutions – is a company specialized in the sale of equipment and the implementation of IT infrastructure solutions with a regional presence, having a presence in the counties of Braşov and Covasna (thus contributing to the national presence of the group).
- **Optimizor** – formerly IT Prepared SRL (CUI 35456175), 50.2% owned by Bittnet Systems and managed by Alexandru Ana, is an entrepreneurial managed services company ("Managed services") established in 2016, providing IT support services mainly on the US market. Optimizor's client portfolio is based primarily on American companies, but also contains a number of local clients.

As in previous years, the **Digital Infrastructure** (Cloud & Infrastructure) business unit recorded the highest growth, also helped by the addition of a new company, Dataware, starting in June 2023. This business pillar generates 86% of the group's consolidated revenues: 330 million lei (+136% vs. 2022). The gross margin generated also had a positive dynamic due, in particular, to the focus of the companies in this unit on the provision of integration services (which grew faster than the delivery of goods) from 21 million lei in 2022, to 48 million lei in end of 2023 (124% increase). The profitability of the cluster is greatly improved at the level of 2023, proving that the decisions adopted during 2022-2023 are beginning to produce the desired effects. The operating profit of this business unit rising to the value of 16 million lei (+469% vs 2022).

Digital Infrastructure	31.Dec.2023	31.Dec.2022	FY23 vs FY22
Revenue	<u>330.700.555</u>	<u>139.734.218</u>	136,7%
IT services	56.207.531	21.662.555	159,5%
Sale of goods	274.493.024	118.071.663	132,5%
Cost of sales	<u>(281.918.786)</u>	<u>(117.982.829)</u>	138,8%
Goods/materials	(248.895.611)	(100.600.098)	147,3%
Cloud services	(5.218.714)	(5.261.210)	-0,8%
Man-hour	(27.804.461)	(12.121.521)	129,4%
Gross margin	48.781.769	21.751.388	124,3%
Other income	1.487.489	371.831	300,0%
Sales/distribution expenses	<u>(11.341.707)</u>	<u>(7.915.751)</u>	43,3%
Man-hour	(10.081.159)	(6.909.587)	45,9%
Advertising	(1.260.548)	(1.006.163)	25,3%
Administrative costs	<u>(22.852.632)</u>	<u>(11.383.652)</u>	100,7%
Man-hour	(9.560.708)	(5.368.679)	78,1%
Amortisation	(5.721.166)	(1.864.777)	206,8%
Third party services	(3.350.371)	(2.005.387)	67,1%
Miscellaneous	(606.299)	(628.758)	-3,6%
Operating profit (with one-offs)	16.074.919	2.823.817	469,3%

For **Dendrio**, the year 2023 represented a year of reconstruction, consolidation at the operational level both from the point of view of processes and teams. The emphasis was placed on the efficiency of resources and administrative expenses, in parallel with the intensification of efforts in obtaining new projects with a service component, for large clients. The individual turnover achieved by Dendrio was 97 million lei (-6% compared to 2022), while the net profit was still in the negative zone: -4.8 million lei. This result was also influenced by significant financial expenses (approximately 4.3 million lei), mainly interest related to M&A acquisitions in recent years. The situation is not ideal, but analyzing in perspective, we notice how the investment products contracted by Dendrio for the M&A transactions of the last 2 years have significantly contributed to the consolidation of the Digital Infrastructure pillar and led to positive results at the level of this business unit (pillar).

In 2023 Dendrio had 469 unique customers (7.8% more than in 2022) and 2,816 projects (5.75% more than in 2022). We had 23 clients where we implemented over the course of 2023 projects of over 1 million RON/client. The customer structure last year was as follows: 68.69% enterprise customers, 27.76% corporate customers and 3.44% SMB (small and medium-sized business) customers. This distribution confirms the strategy established at the beginning of 2023, focusing on large customers with complex projects that can leverage the skills of experts in the technical team. In 2023 we executed 2 projects in other EU countries. In 2023, we signed 2 significant framework contracts, running over the next 3 years, and won 2 other significant projects, announced in 2024, which will run in 2024-2025.

Dendrio's plans for 2024 include aligning its structure and processes with the other companies in the Digital Infrastructure cluster. This year, we will focus on complex projects and services that will contribute to increasing the company's profitability. We also aim to increase the integration of skills at the cluster level to offer customers a wider range of services covered by internal resources.

2024 started well for Dendrio, marking the most effervescent start to the year in the company's history. We have signed a significant number of framework contracts, which form the basis of a pipeline/backlog valued at over 300 million lei, for this year and for the following years. We have already communicated this information to investors and the capital market.

Dataware completed an exceptional year 2023, achieving exponential growth on all important financial indicators: individual turnover of 164 million lei (+140% vs 2022), EBITDA of 11.3 million lei (+61% vs 2022) and a profit net of 7.8 million lei (+79% vs. 2022). In 2023, Dataware delivered 114 projects to 48 clients.

Dataware joined the Bittnet Group at the end of May 2023 – through an initial group investment of 70%, and at the end of December the Bittnet Group decided to fully acquire Dataware from the two co-founders. Through this acquisition, the entry into the next stage of integration of the companies in the Digital Infrastructure cluster was achieved. Integration activities at the cluster level were started in 2023 and assume:

- integration of common ERP system
- integration of workflows at the cluster level
- integration with the group's CRM
- implementation of the centralized project management solution
- implementation and integration of the document management solution

In 2023, Dataware achieved international recognition from technology partners.

- "Partner of the Year" at the regional level in the "Fujitsu Partner Summit 2023" event
- was recognized as one of the best integrators for "Fujitsu and VMware" technologies in the Central and Eastern Europe region
- "Public Sector Partner of the Year, CEE region" by Pure Storage
- Other distinctions: "Silver Partner of the Year 2022, VMware", "Partner of the Year 2022" and "Main Partner for the Training Project 2022"

In 2023, we successfully completed projects financed by European funds, thus providing significant contributions in key areas:

- We completed the implementation of the "Innovation through a customized e-learning solution within the Lower Danube IT&C cluster" project. This project represented an opportunity to revolutionize the way teaching and the relationship between students and teachers is perceived and managed.
- We also completed the implementation of the ElectricUP project, through which we developed a system of photovoltaic panels. This system, providing approximately 30 kW of green energy, has been integrated into the digital HUB in Galati, highlighting our ongoing commitment to sustainable and responsible development.

The priority for the current year remains the increase in profitability through the implementation of projects in the Enterprise high-tech area, in the digital transformation area and in the cyber security area, increasing the portfolio with niche technologies in the area of biometrics as well as strengthening partnerships with global suppliers of technology.

In terms of organization, we want national expansion, the creation of a work point in Iași as well as the development of the work point in Galati. This also shows the need to develop technical teams, Dataware planning to hire 10 people, both in the new work points and in Bucharest.

Also as an objective for 2024, we want to plant the "seeds" of the expansion outside the country of the services and solutions offered by the technology cluster, thus becoming a regional player with the objective that by the end of 2028, when the mandate of the current Board of Bittnet ends, this objective to be a certainty and to have income resulting from these new areas.

TopTech ends 2023 with revenue of 88 million lei, up 20% compared to the previous year. However, the company reported a net loss of 1.7 million lei, compared to a profit of 655 thousand lei in 2022. For 2024, TopTech's main goal is to return to positive territory in terms of net profitability.

In 2023, TopTech completed two major data center refurbishment projects for higher education institutions in the Transylvania region, won following public tenders, with a total value of over 15 million lei. The number of unique customers billed during the year was 1,863, of which 115 were new customers. The company continued to support the digitization projects of the Romanian education system, delivering solutions in 43 schools, 29 high schools and 15 national colleges, totaling 93 projects. The projects were implemented in 26 counties throughout the country.

TopTech was recognized at the end of 2023 with the status of Titanium Partner from the international technology vendor DELL, the highest level of partnership.

The company has been able to maintain a solid core with 90% peer retention. To increase efficiency, we reorganized and refocused the technical teams into two major departments: IT Network Infrastructure and Technical Services, including IT maintenance and MPS print services management. In 2023, TopTech was honored to occupy the 3rd place in the ranking of top employers, in the prestigious event Top Employers organized by the specialty portal undelucram.ro. This award is a recognition of our commitment to the team and the value we provide to our colleagues.

For the year 2024, the main objective of the TopTech management is to return to the area of net profit. In this regard, our priority is focused on the delivery of service-oriented projects, with a special focus on the 40% increase in the sale of implementation services. Also, starting from Q4 2023, we publicly announced that the zNET Computer team becomes TopTech's 7th geographical point in the Transylvania area, in Braşov and Covasna counties, where we did not have a strong local presence until now.

The **Optimizzor** business is focused on the "managed services" model combined with the delivery of services to foreign markets but also to Romanian companies with a regional presence in Europe. The turnover achieved as well as the gross margin in 2023 were similar to those achieved in the previous year: 7.4 million lei revenue, 3 million lei gross margin and the gross profit of 1 million lei. During 2023,

Optimizzor's efforts focused on integrating AI technology into customer workflows. The benefits of this integration in terms of time and cost reduction are obvious. However, one aspect that led us to delay the release of this feature until 2024 was the depersonalization of the support process. It is essential for us to maintain quality and commitment to our customers, therefore we decided to continue research and work on finding a solution that provides both efficiency and a personalized experience for our customers.

On the Romanian market, the Optimizzor company registered significant growth, signing 12 new contracts, which represents a 100% increase compared to the previous year. The top achievement of the year consisted in establishing two collaborations in the banking system, one recurring and the other on a project basis. These two collaborations add up to more than 500,000 euro in annual revenue. It is also notable that, for the first time, a contract signed by Optimizzor on the Romanian market exceeded the value of one concluded in the USA. In the US market, contracts in force remained flat. Given the volatility and unpredictability of this market, we consider this stability a strength of the company.

For 2024, our priority remains providing a quality and personalized experience for our customers, while benefiting from the efficiency and savings brought by AI technology. In addition, we will focus on simplifying and streamlining internal

processes while maintaining high standards of quality and service for our customers. By continuing partnerships and strengthening relationships with existing customers, we aim to develop and expand the company's presence on the global market.

Bittnet Education

This business pillar contains 4 companies, which offer training to adults in two areas: Technical Skills and Human Skills both in classic format, face-to-face, Virtual Remote but led by an instructor or in eLearning format. Is about:

- **Bittnet Systems SA** (CUI 21181848): the parent company of the group, listed on the BVB Regulated Market. It runs the holding activity and in addition the IT Training activity, being the undisputed leader of this market in Romania.
- **Computer Learning Center SRL** (CUI 26065887), owned by Bittnet, is an IT training company with a focus on cybersecurity, established in 2009, with a long history of serving corporate clients.
- **Equatorial Gaming SA** (CUI 30582237), currently owned by Bittnet 99%, is a game-based learning company that offers soft skills training for the IT industry, both in classic and gamified format.
- **The eLearning company SA** (CUI 30760571), 23% owned by Bittnet, is an entrepreneurial company that offers courses in eLearning format for companies. ELC is not in the scope of financial consolidation except for minority interests.

BNET TRAINING	31.Dec.23	31.Dec.22	Evolutie
Revenue	13.649.469	21.458.950	-36,4%
Cost of sale	(7.066.374)	(11.990.148)	-41,1%
Gross margin	6.583.095	9.468.802	-30,5%
Other income	218.392	1.611.978	-86,5%
Sales/distribution expenses	(4.712.228)	(4.623.310)	1,9%
Staff expenses	(3.927.761)	(3.803.385)	3,3%
Publicity	(784.467)	(819.925)	-4,3%
Administrative costs	(7.130.081)	(6.850.591)	4,1%
Staff expense	(3.190.349)	(1.838.251)	73,6%
Amortisation	(1.698.164)	(1.419.469)	19,6%
Other third party expenses	(1.413.580)	(994.715)	42,1%
Miscellaneous	(484.651)	(277.013)	75%
Operating profit (without one-offs)	(5.169.315)	(496.002)	-942,2%

The year 2023 was characterized by slower traction, an extended period of project completion and a greater requirement for personalization of training sessions. It was a year in which the IT industry strongly felt the cost cuts, and the first budgets affected were those intended for training.

Customers kept their budgets tight in the first part of the year, scrutinizing purchases more carefully and investing more cautiously. In 2023, we served 147 clients and closed opportunities worth 13.6 million lei.

We organized 460 classes attended by 4,620 students. Customers continue to show a preference for live, instructor-led deliveries. Several custom projects have been delivered. 65% of these projects are built on the Bittnet portfolio, and 35% are vendor-licensed projects. Custom projects require longer construction time and more sustained efforts.

We continued the set of best practices established by the marketing team and had a conversion rate of 1 to 2, meaning that for every €100 spent on digital marketing, we generated and closed €200 of projects. Thus, with a total budget of EUR 80,000 allocated for digital marketing, projects of EUR 170,000 were closed.

In August 2023 we set up the BID & Finance department responsible for building projects in the public sector, tracking tenders and projects with European funding and building solid consortia to tackle massive projects with national delivery. As a result of the establishment of this new department:

- we submitted a project with European funding through which we aim to train 650 IT professionals in 2024 and 2025 and for which we are waiting for the communication of funding.
- we won 4 projects worth a total of EUR 400,000 between August and December 2023 and built a solid pipeline of projects for 2024.

Through the joint effort of the departments, I applied in June 2023 within the program funded by the Authority for Digitization of Romania - "Skills in advanced technologies for SMEs" within the National Retraining and Resilience Plan of Romania 2021 - 2026, pillar II , component C7, investment I19, as a provider of professional training in key areas such as IoT, Blockchain, CyberSecurity, AI & ML, Cloud, RPA, etc. In November 2023 we were announced in the list of selected partners, having the highest technical score. The project has a total value of 36 million euro, of which 34 million euro are allocated for IT training.

At the product level, we strengthened the cybersecurity portfolio with solutions from CertNexus, Mile2 and Offensive Security. We have also built the premises of the self-paced subscription model by building new titles in the field of vocational retraining academies. Through access to campaigns funded by the Amazon Web Services vendor, we delivered training projects worth 140,000 euro towards the end of the year.

Towards the end of the year, we built a plan for the implementation of AI in our organization, starting from Microsoft solutions, and in 2024 we will execute the development of solutions in our infrastructure so that every department works with AI at its core. This will allow us to increase delivery and execution capacity and significantly reduce project closing times. In the short and medium term, the integration of AI in our daily activity will increase our productivity by having the same team, and in the long term it will strengthen our position in the Romanian market and in the region .

Cybersecurity - FORT

Currently, this business pillar contains 3 companies that offer cyber security services to corporate, large corporate, enterprise and public sector clients from all over the country. The companies that are part of the group are:

- **FORT S.A.** (formerly Global Resolution Experts S.A.) (CUI 34836770), owned 58.86% by Bittnet, is a professional services company in the cybersecurity area, offering penetration tests, but also design, implementation and maintenance of solutions of cybersecurity.
- **GRX Advisory S.R.L.** (CUI 43813325), fully owned by FORT S.A., offers professional services in the area of cybersecurity, which offers penetration tests, but also design, implementation and maintenance of cybersecurity solutions.
- **ISEC Associates S.R.L.** (CUI: 23037351), fully owned by FORT S.A., is a company that offers professional services in the area of cybersecurity, offering auditing, consulting and testing services (penetration testing) in the classic regime and "managed services". The company holds numerous certifications (ASF, BNR, CISA, CISM, CEH, CISSP, OSCP, CDPSE, ISO 27701, etc.).

The year 2023 represented for FORT the year in which the company completed the steps preceding the listing on the Bucharest Stock Exchange. In this sense, a number of 34 new shareholders, individuals and legal entities, joined us in the FORT shareholding, investing over 1.67 million lei through a private placement. The funds raised will be used to achieve the ambitious goals that the company has set for itself: international expansion in Europe, the United States and Southeast Asia, the identification and capitalization of opportunities related to M&A transactions, as well as the expansion of collaborations that generate recurring income.

During the analyzed 12 months, a series of changes were made in terms of the portfolio of services that FORT offers to clients, two new business lines being established:

- 1) **Security Operation Center (SOC).** Fort started the opportunity analysis activities regarding the implementation of a monitoring and alerting service at the beginning of 2023. The necessary solutions and the team of specialists that will use them were finalized in the summer of last year, and in September already having been signed the first contract for the provision of services.
- 2) **Managed Security Services Provider (MSSP).** Fort started a series of collaborations in 2023 that are based on the implementation of cyber security solutions through a monthly subscription, which includes licensing and hardware equipment costs, as well as Fort installation, configuration and administration services. Customers thus receive a package solution with the implemented functionalities, benefiting, at the same time, from an efficient way of distributing costs.

The company's efforts in research and innovation in the field of artificial intelligence were completed by the timely delivery of the InsureAI project, through which it is possible to automate various business flows in economic fields such as insurance or car rental. At the same time, the project represents a validation of the Fort's human and technical resources, which is an important starting point for the application of new technologies in the field of cyber security.

From the point of view of operational indicators, the following results should be mentioned: • 68% more offers were generated than in 2022, with a 54% conversion rate.

- Through lead generation campaigns and other specific marketing activities, more than 80 international companies were contacted, concluding collaborations with partners from Slovenia, Great Britain, Singapore and Japan.
- 2 new colleagues have joined the sales team, which will ensure an efficient and consistent process in terms of identifying new customers.

- More than 85 web and mobile application security verification projects (penetration tests) were carried out, increasing by 20% compared to 2022.

The prospects for the year 2024 are extremely favorable, thanks to the entry into force of two sets of regulations aimed at increasing the maturity level of IT security (NIS 2 Directive and DORA Directive), both for the financial-banking sector and for essential service providers. In this context, we expect that cyber security will become an increasingly important topic for the business environment in Romania, and, implicitly, the demand for the services provided by the company will increase.

At the same time, the strategic development directions for 2024 will be the ones on which the activities were based in 2023 as well, respectively the expansion on international markets, as well as the promotion, diversification and efficient delivery of the company's services. From a financial point of view, it should be mentioned that the financial results of 2023 are impacted by the InsureAI project, the co-financing of the project representing a cost that reduced the company's profitability last year.

Fort	31.Dec.23	Project InsureAI 2023	31.Dec.22	Project InsureAI 2022	
Revenue	16.527.591	-	15.048.523	-	9,8%
IT Services	11.923.496	-	11.167.469	-	6,8%
Sale of goods	4.604.095	-	3.881.054	-	18,6%
Cost of sales	(9.902.578)	(3.489.187)	(9.305.767)	-	6,4%
Cost of selling goods	(4.390.296)	-	(3.302.534)	-	32,9%
Cloud services	(7.390)	(7.390)	-	-	
Man hour	(5.519.673)	(3.481.797)	(6.003.233)	-	-8,1%
Gross margin	6.625.012	(3.489.187)	5.742.756	-	-15,4%
Other income	23.083	3.183.688	570.052	-	96%
Sales/distribution expenses	(807.205)	(3.061)	(339.771)	200	137,6%
Staff expenses	(453.256)	-	(332.349)	-	36,4%
Publicity	(353.949)	(3.061)	(7.422)	200	4668,9%
Administrative costs	(2.288.555)	(579.533)	(2.130.627)	200.453	7,4%
Staff expenses	(985.985)	(139.749)	(803.392)	84.953	22,7%
Amortisation	(334.689)	(84.028)	(253.454)	-	32,1%
Other third party expenses	(566.095)	(344.954)	(401.001)	115.500	41,2%
Miscellaneous	(217.365)	(10.802)	(160.356)	-	35,6%
Opeating profit (without one-offs)	3.552.336	(888.094)	3.842.410	(200,653)	-7,5%

Business Platforms & Software Development

At the level of 2023, this business unit includes the following companies:

- **Elian Solutions SRL** (CUI: 23037351), led by Iulian Motoi, is a company founded in 2008 and owned by Bittnet Systems SA in proportion to 51%. It is a Gold certified partner by Microsoft for ERP solutions.
- **Kepler Management Systems SRL** (CUI: 21562125) is a company with similar scope and business to Elian, which joined the Bittnet group in the 3rd quarter of last year. It is owned 75.8% by Elian and 24.2% by Bittnet Systems. During 2024, Kepler is to merge by absorption into Elian, thus resulting in one of the largest implementers of ERP solutions in the country.
- **Nenos Software SRL** (CUI: 29612482), founded and managed by Toader Toporău, is a company owned by Bittnet in proportion 61% (the rest by the founder) is a custom software development company, with a focus in the field of Artificial Intelligence and Machine Learning (AI/ML).
- **Nonlinear SRL** (CUI: 37758005) is an SPV established to access European funding, 60% owned by Bittnet and led by Mr. Axe. The activity is one of product-based software development, focused on the development of a digitalization and process automation platform within small and medium-sized companies using low code/no code and machine learning technologies.

For **Elian Solutions**, the year 2023 was, once again, one of exponential growth, the implementation of successful projects and appropriate results, but also the result of the combined efforts of the team: Thus, Elian's individual turnover rose to 18.3 million ron, which means a 53% increase compared to the result of 2022 (12 million lei). The turnover structure is composed as follows:

1. Revenues from the sale of licenses represented 39% (+4% compared to the share they had in 2022 of 35% of turnover). The growth comes as a consequence of targeting large customers, large-scale projects and high user numbers. We increased the average number of users per client deployment from 50 to 70 system users. Also in the licensing area, if at the end of 2022 we opened the first 2 subscriptions of SaaS - software as a service - with 2 customers, totaling 35 users in SaaS, at the end of 2023 we ended up having 9 licensed customers in SaaS, with a total of 148 users.
2. Revenue from implementation services: represents 39% of turnover. The project delivery activity maintained a constant weighting in the turnover, with the team delivering during 2023 47 new projects to 42 clients. Of the 47 projects delivered, 17% represent Elian's own solutions (SFA Offline, WMS solution, Retail solution and selfordering solution),
3. Revenues from support and maintenance services represent 22% of the turnover, with a slight decrease compared to the previous year, when they were 25% of the figure. Some of the existing customers chose to develop the existing solution, which generated an increase in the numbers on implementation services (14 of the 47 projects from point 1 above are delivered to existing customers with ongoing support contracts).

In addition to the numbers, in 2023 we consolidated the main directions identified in previous years:

- ✓ The use of Operational KPI indicators, proving to be a clear indicator of efficiency and a very useful tool in measuring progress on the stages of a project.
- ✓ We strengthened the middle management structure: with the expansion of the team, we recognized the importance of effective personnel management and invested in leaders capable of coordinating activities efficiently.
- ✓ In 2023, we obtained our Microsoft CSP Partner (Cloud Solutions Partner) certification for Business Applications, in Dynamics 365 and Power Platform, being among the pioneers in Eastern Europe with this designation. We

maintain our focus on new Microsoft technologies, which is why we have invested in team certifications in new technologies.

One of our main goals for 2024 is to integrate the two teams, Elian and Kepler. In late 2023, Kepler Management Systems joined Elian, bringing with it a team of 20 consulting and programming specialists and a portfolio of 64 clients. Kepler is one of the most important Microsoft partners in Romania for the implementation and support of the Microsoft Dynamics 365 Business Central ERP solution. Integration of the teams would lead to the formation of the largest implementer of the Microsoft Business 365 Business Central ERP solution in Romania.

We reaffirm the objective established since Q4 2023: expanding Elian's presence beyond Romania's borders, with special emphasis on the US market. We continue the collaboration started in 2023 to promote Elian solutions and services in EU and US target countries.

Another major goal for 2024 is to expand recurring business and licensing projects in the SaaS model. We are off to a promising start, considering that in 2023 we registered 148 users in SaaS, and in the first months of 2024 we have already crossed the threshold of 300 users with SaaS licenses.

In addition, for 2024, we aim to improve project efficiency, which will help increase overall profitability.

Activities in the software development sphere of the pillar **(Nenos & Nonlinear)** experienced a slowdown. The year 2023 was for the Nenos Software and Nonlinear companies, a year of resettlement in a constantly changing global market. We found that the global instability in the IT market had an impact on our team, emphasizing the importance of resilience in the face of sudden changes in the market. In terms of our projects, we have maintained collaborations with existing clients, continuing to develop initiatives in key areas such as Intelligent Document Processing, eCommerce, Agritech, Healthcare, Insurance and Tourism.

Starting in 2024, we intend to focus all our efforts on the development of our own projects, aligned with our specialization in the field of Artificial Intelligence.

New customers: The end of 2023 marked a growth stage for us, with the arrival of new customers, each with distinct and challenging needs.

- We started a collaboration with an important company from Austria, specialized in extracting information about global infrastructure from satellite and aerial images using advanced Artificial Intelligence (Machine Learning) technologies. This collaboration is aimed at customers with activities in the military and geospatial fields, offering solutions on a global scale.
- We are also involved in a strategic project in collaboration with Microsoft, on the Azure platform, for a client in the oil&gas industry. The objective of this project is the development of a detection and warning solution for people going up or down the stairs in any of the client's premises, through the design of pathways.
- In addition, we are engaged in the development of another project for environmental consulting firms. The solution proposed to the client will have the ability to transform and shape input data such as impact studies, previous reports, internal regulations, legislation, etc., ultimately generating a customized sustainability report for each company.

We present the individual results for each of the companies in the sub-consolidation perimeter at the pillar level:

Business Apps and software	ELIAN		NENOS		NONLINEAR	
	2023	2022	2023	2022	2023	2022
Revenue	18.324.079	11.938.112	2.308.013	2.908.045	991.417	1.068.642
Cost of sales	(12.291.309)	(7.766.818)	(1.699.321)	(1.501.323)	(852.122)	(762.502)
Gross margin	6.032.770	4.171.294	608.692	1.406.723	139.296	306.140
Selling/distribution costs	(1.112.294)	(580.625)	(75.880)	(102.073)	-	-
Administrative expenses	(3.043.004)	(2.139.928)	(723.593)	(792.115)	(197.156)	(158.528)
<i>Amortisation</i>	(505.597)	(253.276)	(146.778)	(152.037)	(11.098)	(11.515)
Operational profit (without one-offs)	1.893.087	1.561.475	(172.880)	(521.753)	(61.708)	168.776
Financial result	(181.945)	(57.110)	(32.735)	(32.103)	(6.166)	(6.000)
Gross profit	1.711.142	1.504.366	(205.615)	489.260	(67.874)	162.777
Net profit	1.420.530	1.264.156	(225.233)	460.211	(76.302)	152.127

And at the level of the pillar:

Business Apps and software*	31.Dec.23	31.Dec.22	Evoluție
Revenue	22.368.874	15.914.799	40,6%
IT Services	15.298.322	11.727.856	30,4%
Sale of goods	7.070.552	4.186.943	68,9%
Cost of sales	(15.212.985)	(10.030.642)	51,7%
Cost of selling goods	(4.625.295)	(2.689.304)	72%
Cloud services	-	-	-
Man hour	(10.587.690)	(7.341.338)	44,2%
Gross margin	7.155.889	5.884.157	21,6%
Other income	29.672	140.729	-78,9%
Sales/distribution expenses	(1.188.173)	(682.698)	74%
Staff expenses	(754.168)	(492.215)	52,6%
Publicity	(434.006)	(188.483)	130,3%
Administrative costs	(4.209.841)	(3.090.572)	36,2%
Staff expenses	(1.698.411)	(1.259.013)	34,9%
Amortisation	(673.233)	(416.828)	61,5%
Other third party expenses	(665.516)	(502.841)	32,4%
Miscellaneous	(372.409)	(273.746)	36%
Operating profit (without one-offs)	1.787.547	2.251.616	-20,6%

*Kepler results were consolidated in the group results only at the level of December

Costs allocated to the group

Apart from the day-to-day operational flows generated by the current activity of the companies that make up the consolidation perimeter, the group also incurs expenses specific to the holding type organization as well as from M&A activity or expenses related to the maintenance of trading of financial instruments issued on the BVB systems.

GROUP COSTS	31.Dec.2023	31.Dec.2022
Other income	1.239.329	786.869
Selling/distribution expenses	(378.008)	(231.601)
Staff expenses	(190.547)	(144.729)
Publicity	(187.461)	(86.872)
Administrative expenses	(5.836.698)	(3.489.907)
Staff expenses	(2.150.838)	(1.212.428)
Amortisation	(536.056)	(470.455)
Other third party expenses	(1.053.015)	(747.360)
Miscellaneous	(1.062.396)	(1.238.374)
Operating profit (with one-offs)	(4.975.377)	(2.934.639)

Analysis of preliminary consolidated financial statements

P&L

BNET GROUP (consolidated)	31.Dec.2023	31.Dec.2022	Evolutie
Revenues from clients	383.241.658	192.156.489	99,4%
Income from IT services	96.407.328	65.492.518	47,2%
Income from sale of goods	286.834.330	126.663.972	126,5%
Cost of sales	317.718.404	149.412.267	112,6%
Cost of selling goods/materials	258.809.533	107.635.220	140,5%
Cloud services	5.347.206	5.364.091	-0,3%
Man hour	53.561.665	36.412.956	47,1%
Gross margin	65.523.254	42.744.222	53,3%
Other income	6.181.653	3.481.459	77,6%
Sales/distribution expenses	18.430.383	13.793.331	33,6%
Man hour	15.406.891	11.684.265	31,9%
Publicity	3.023.492	2.109.066	43,4%
Administrative expenses	41.134.072	24.109.599	70,6%
(of which)			
Man hour	16.652.464	9.676.334	72,1%
Amortisation	9.047.336	4.424.982	104,5%
Other third party	7.298.537	4.766.804	53,1%
Operating profit (fara one-offs)	12.140.452	8.322.751	45,9%
EBIT	12.140.452	8.322.751	45,9%
EBITDA	21.187.788	12.747.733	66,2%

Consolidated revenues doubled in 2023 compared to the previous year, exceeding the value of 383 million lei. For the first time, the share of services in the group's total revenues approached the milestone of 100 million lei in the course of 12 months (a 47% increase vs. 2022), a trend that we want to improve in 2024. By comparison with the budget approved in the AGM of April 27, 2023, the consolidated revenues are significantly higher, BVC estimates total revenues of approximately 300 million lei (in contrast, the realized ones are 28% higher than the budgeted ones).

Of course, one of the factors that significantly contributed to this evolution was of an organic nature: as a result of the entry into the consolidation perimeter, starting in June, of the Dataware company. Excluding Dataware's contribution to total consolidated revenues, the organic growth recorded is 37% vs. 2022, in line with the historical average analyzed in other years as well.

Cost of sales (COGS) also doubled, roughly in line with the doubling of consolidated revenues, mainly due to expanding cost of goods sold. The gross margin recorded a 53% increase to the value of 65 million lei, while sales and distribution expenses had a normal, slower evolution of 33% vs. 2022, natural growth mainly due to the expansion of the financial consolidation perimeter.

Administrative expenses increased for the same reasons (+70% vs 2022) due to the expansion of the consolidation footprint. More important in the analysis of administrative expenses is their weight in the turnover - weight that registered a decrease from 12.5% to 10.7% - i.e. an efficiency of 13%. The consolidated operating profit increased by almost 46%, registering the highest historical value: 12.1 million lei - while the EBITDA indicator exceeded 21 million lei (+66% vs. 2022). We remind you on this occasion that there was no year in which the group did not register an operating profit.

BNET GROUP (situația consolidată)	31.Dec.2023	31.Dec.2022	Evoluție
EBITDA	21.187.788	12.747.733	66,2%
Operating profit (without one-offs)	12.140.452	8.322.751	45,9%
One-off result	-	-	
EBIT	12.140.452	8.322.751	45,9%
SOP adjustment	(1.073.576)	(890.381)	20,6%
Goodwill impairment	-	(495.000)	
M&A costs	(689.691)	(1.650.821)	-58,2%
Gain/loss of equivalent securities	(116.080)	273.630	-142,4%
Income/expenses from the valuation of securities	(2.167.698)	(2.888.985)	-25,0%
Other incomes	799.173	(431.498)	
Financial expenses	(7.230.731)	(4.308.881)	67,8%
Gross profit	1.661.849	(2.069.186)	
Net profit	609.245	(2.192.586)	

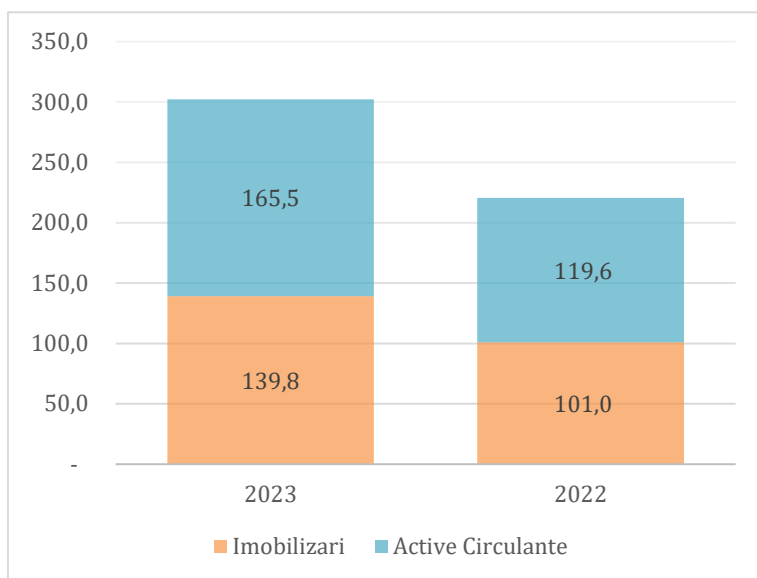
Between operating profit and gross profit, two of the elements that had the biggest impact are non-cash - the SOP adjustment, approx. 1 million lei and the revaluation of holdings in companies listed on the AeRO-BVB market (CODE and AST) revaluations carried out with quarterly frequency according to the market values of the two shares and recorded through P&L - 2.1 million lei.

Instead, the element that contributed the most was the position of Financial expenses which amounted to 7.2 million lei (+67% vs. 2022) especially due to the contracting of new bank loans during 2023 by the companies in the group (for working capital and investments) but also coupon payments for bond issues. Consolidated gross profit returns to positive territory at the end of the year: 1.6 million lei (vs. a loss of 2 million lei in 2022).

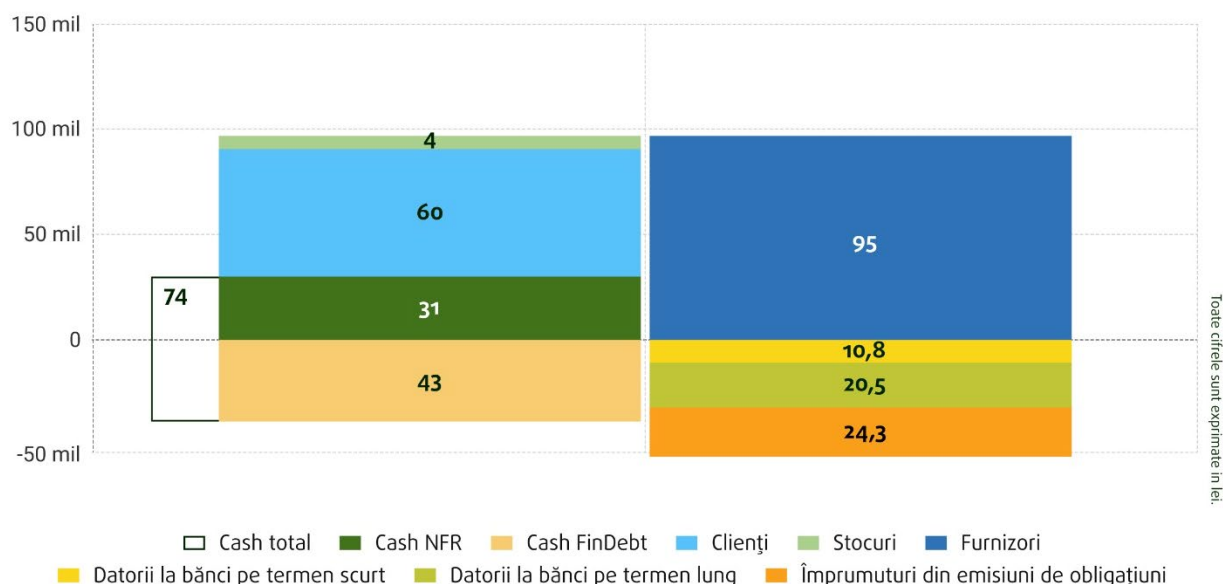
Balance sheet

The fixed assets increased from the value of 101 million lei at the beginning of the year, to 139 million lei on 31.12.2023 (+37% vs. 2022) mainly due to the increase of the goodwill by 31.7 million lei as a result of the M&A investments made in 2023 in the companies Dataware Consulting and Kepler Management. The increase in current assets up to 165 million lei is largely due to the increase in trade receivables from customers up to 76 million lei at the end of the year (+26% vs 2022) along with the doubling of the group's business, as well as the cash position which amounted to December 31, 2023 at 73.7 million lei (+74% vs. 2022) At the end of 2023, the group's stock position returned to normal values

(4.2 million lei) - this after registering a record value of 37.8 million lei on 30.06.2023. We were saying then that the suppliers credited us with stocks of approx. 37 million lei (which were billed to customers for approximately 41 million lei), granting us extended payment terms that allowed us to continue operating with a significant operational cash flow - a trend that was maintained in the second half of of the year and which led to the financial position at the end of 2023: the cash in the banks at the end of the year amounted to 73 million lei.



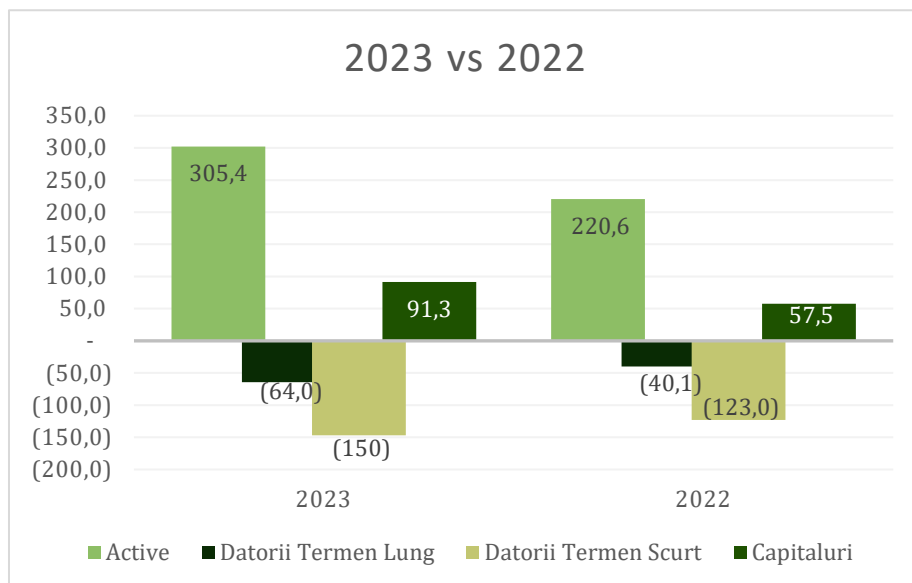
Poziția financiară la început de 2024



Trade receivables plus the value of the inventory balance plus cash in banks (approximately 138 million lei) cover short-term trade debts to the extent of 145%. And trade receivables plus the value of stocks and cash cover short-term debts (trade plus current) in proportion to 120%.

This development shows us a strong financial position for the group and demonstrates that we can get good payment terms from suppliers to run complex projects and with a longer closing/delivery cycle.

Long-term debts increased by approx. 24 million lei to the value of 64 million lei (+59% vs. 2022) largely due to the development of new bond issues with long-term maturities in the period 2026-2028 (BNET26E, BNET27A and BNET28). Simultaneously with the increase in bank debts, especially with an investment loan worth 10 million lei, contracted from ProCredit Bank in May 2023, for the partial financing of the m&a transaction with Dataware Consulting.



Short-term debts increased by 27 million lei to 150 million lei at the end of the year, as a result of the increase in the position of trade debts, in line with the receivables from customers but also with the doubling of the group's business with the expansion of the financial consolidation footprint. Equity registers the highest historical value at the end of the year, 91 million lei, up 59% compared to 2022. Analyzing the composition of this value, between the year of listing and the end of 2023 we attracted equity (through capital increases) of 50.6 million lei (of which 30 million during 2023), and generated equity of approximately 40.6 million lei. Analyzing only the evolution of equity capital, we distinguish an IRR of over 25%:

Operation	Sum	Date
Equity la 15 apr 2015	-864,743	15.Apr.15
MCS Dec-17	-807,127	05.Dec.17
MCS Dec-18	-2,892,205	14.Dec.18
MCS Apr-20	-9,168,712	10.Apr.20
MCS Mar-21	-10,725,345	20.Mar.21
Rascumparari August 22	2,603,000	31.Aug.22
MCS Mar 23	-29,700,000	30.Mar.23
Equity Dec 2023	91,268,000	31.Dec.23
IRR	25.23%	

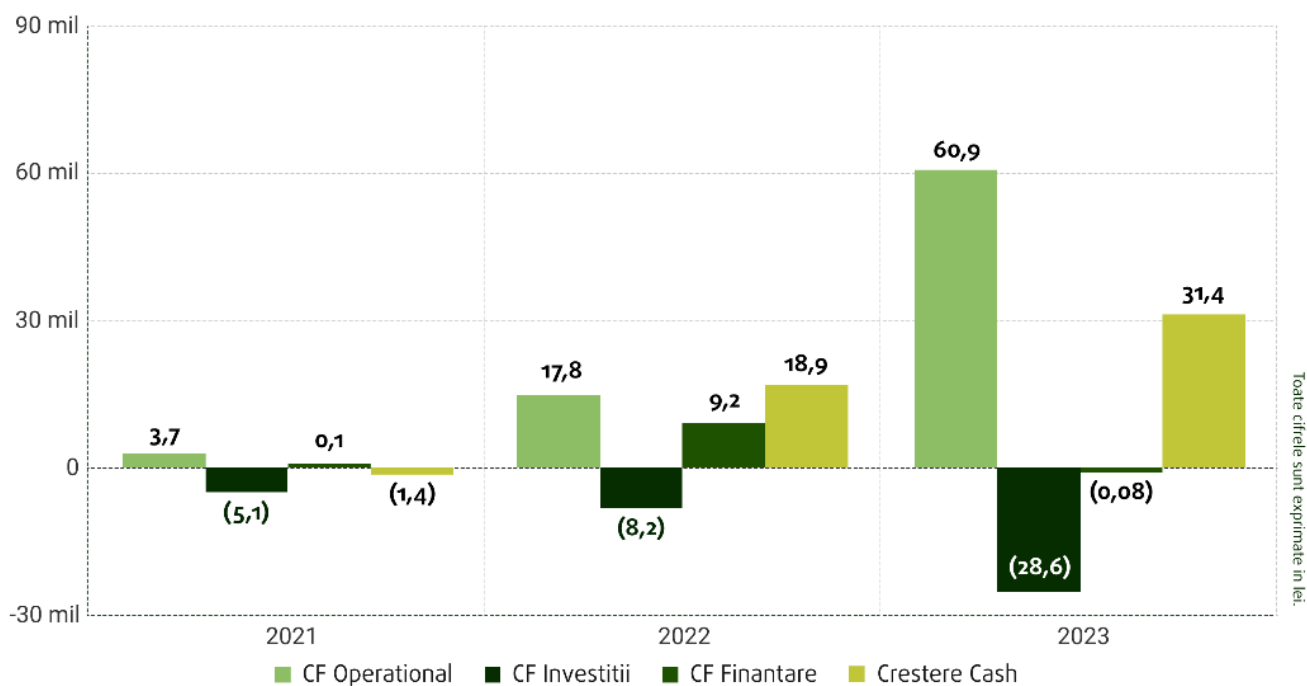
Cash flow

The significant percentage of large projects with beneficiaries from the public sector (with strict annual budget execution), combined with the payment terms received from suppliers, generated a historical cash from operations of 61 million lei - more than 3x higher than that of 2022 (which also represented a historical value at the time).

This evolution rather demonstrates the good commercial relations with suppliers and the advantage of access to strategic projects, and confirms the values of Operating Profit or EBITDA. Instead, a part of approximately 36 million lei of the cash generated by operations is needed to balance the trade balance in Q1 2024 (suppliers' debts versus customer receivables).

Positive cash from operations allowed us to acquire companies and assets worth approximately 29 million lei, while cash from financing activities was relatively neutral and at the same time increase the cash position at the end of the year to 42 % of market capitalization – 73.7 million lei final cash position in 2023.

Evoluție Cashflow în 2023



Budget for 2024

The issuer is making available to investors a first draft of the indicative revenue and expenditure budget (BVC) for fiscal year 2024. The final form of the BVC will be available to investors as a supporting document for the OGMS agenda in April 2024.

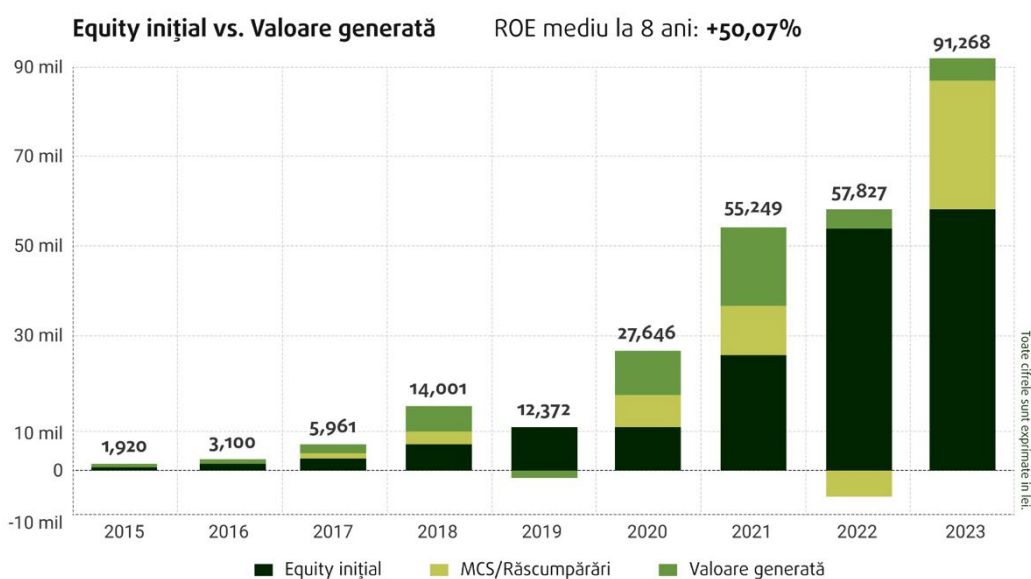
Bittnet CONSO [RON]	2024 E
Revenue from clients	430.695.290
Cost of sales	307.558.466
=Gross margin	121.136.824
% gross margin	28,1%
Indirecte expenses	57.161.992
Selling/distribution expenses	20.661.795
Human resources – indirect costs	24.429.460
Other administrative expenses	12.070.736
EBITDA	24.971.634
% EBITDA	5,8%
Amortisation	10.111.156
=EBIT	14.860.478
SOP & M&A costs	1.341.970
Financial result	(7.571.016)
=Gross profit	5.947.492
Tax	951.599
=Net profit	4.995.893
% Net result	1,2%

BNET Investment thesis

Invest in the medium and long term in BNET shares if you want exposure to the Romanian IT&C industry, an area of accelerated growth, alongside a management team that not only has skin in the game but has also demonstrated, in over 16 years, better results better than the industry average, both operationally and in terms of capital management.

Each of the decisions we make aim to build an anti-fragile group, so that we have the strongest force - time - by our side ("Time is the friend of the wonderful business, the enemy of the mediocre"). The second element is the combination of 'good operations' and the ability to manage capital, as the 'secret of success' is described in the book "The outsiders - 8 outstanding CEOs". Some arguments for each of the components of this investment thesis:

- Choosing an industry with favorable prospects is a decision that makes both the work of investors easier and the importance of choosing a competent management: "a rising tide lifts all boats". There is no industry in the last 20 years with more accelerated continuous growth than the IT&C industry.
- The existence of a management team with "significant skin in the game" solves the "principal - agent" problem so complained about by investors on the Romanian capital market. If the welfare of management comes from the same sources, through the same mechanisms as that of small shareholders, the most important conflict is eliminated. Thus, in our case, the value of BNET shares represents for management both the largest share of personal wealth and the largest share of income (unlike salary, the option-based compensation policy aligns management income with shareholder wealth).
- Proven operational track record: apart from numerous international recognitions (Deloitte Top 50 in Tech, Financial Times Top 1000 Fastest Growing Companies, EY Entrepreneur of the Year finalists, etc.)
- Proven track record from the point of view of capital management: the growth rate of equity capital historically attracted, through capital market mechanisms, is over 25%, which strengthens our confidence in the adopted financial model, which we intend to continue we apply it as long as the results continue to be noticeably better than the market average.



Anexa 1 – “Alternative Performance Measurements”

The ESMA guidelines require us to explain any indicator we use in evaluating the financial or non-financial results of the company, if this indicator is not found in the IFRS or XBRL standards published by ESEF. In the case of our financial reports, we use the following indicators:

Indicator	Definition	Why is relevant
Operating profit	It is about the profit of the core business, the business of serving our customers. It takes into account all income and expenses associated with the current activity and ignores financial income and expenses, or those related to the holding type activity (of the group, our existence as a listed company). It is obtained by removing from the results of each business line the elements of income and expenses (cash or non-cash) that have nothing to do with the current activity. The most significant adjustments (differences between gross profit and Operating Profit) are: 1. Eliminating the financial result (adding expenses to gross profit and subtracting financial income) 2. Elimination of non-cash IFRS adjustments related to the Stock Option Plan	The operational activity (also called 'current' or 'core') represents the business of the company. This is how business performance and activity are measured versus the competition, regardless of the taxation environment, the reporting accounting framework or the way the company is financed (the mix of equity and borrowed capital, the costs of maintaining the stock market share, etc.). In other words, this is the result that the company (or each business segment) would have if it operated as a company fully financed from its own sources (from "equity" - shareholders' capital).
„Gross MArgin”, or „margin” , or „GM”	The calculation formula for this indicator is "Revenue minus direct expenses" ("revenue minus COGS (cost of goods sold)"). Thus, from the invoices issued to clients, the amount of expenses directly associated with those projects (obtaining those revenues) is deducted. In the case of software license resale projects, we buy a license for 90 lei and sell it to the client for 100 lei. The difference is "Marja Bruta" (or "Gross Margin"). If we bill a client for cloud project implementation services, the gross margin represents the difference between the revenue billed to the client and the cost for the man-hours required for the implementation, regardless of whether the engineer performing the implementation is our employee or a subcontractor.	This indicator is the "GDP" of the company, it is the "added value" that we produce for our partners. This indicator reflects not only what value we bring to customers, but, looking inside the company, it reflects the amounts of money we have available to cover fixed expenses.

Preliminary, consolidated, unaudited financial statements

Consolidated statement of comprehensive income

	<u>31 Dec 2023</u>	<u>31 Dec 2022</u>
Revenue from clients	383.241.658	192.156.489
Cost of sales	<u>(317.718.404)</u>	<u>(149.412.267)</u>
Gross margin	65.523.254	42.744.222
Other incomes	6.181.653	3.481.459
Selling/distribution expenses	(18.430.383)	(13.793.331)
General and administrative expenses	(42.207.648)	(24.999.980)
Other expenses	(689.691)	(2.145.821)
Gains/ losses in equity from securities	(116.080)	273.630
Financial result	<u>(8.599.256)</u>	<u>(7.629.363)</u>
Gross profit	1.661.849	(2.069.186)
Tax	(1.052.605)	(123.400)
Net profit, of which:	<u>609.245</u>	<u>(2.192.586)</u>
Related to the parent company	(4.783.317)	(5.358.890)
Related to minority interests	5.392.561	3.166.304
Other elements of the overall result		
Result	<u>609.245</u>	<u>(2.192.586)</u>
Related to the parent company	(4.783.317)	(5.358.890)
Related to minority interests	5.392.561	3.166.304

Consolidated statement of financial position

	31 Dec 2023	31 Dec 2022
ASSETS		
Fixed assets		
Goodwill	89.294.099	57.528.189
Other intangible assets	9.653.554	9.077.001
Tangible assets	32.699.563	27.808.467
Equivalent method securities	2.802.859	2.918.940
Other financial assets	1.911.298	2.426.167
Defferend tax	3.523.340	1.271.824
Total fixed assets	139.884.423	101.030.589
Current assets		
Inventories	4.226.835	2.777.973
Trade receivables and other receivables	76.251.459	60.697.390
Financial assets	11.356.744	13.790.384
Cash and equivalent	73.732.456	42.300.364
Total current assets	165.567.494	119.566.112
Total assets	305.452.207	220.596.701
CAPITAL AND LIABILITIES		
Share capital	63.421.024	52.848.060
Issue premiums	33.607.766	9.738.583
Other elements of equity	(5.947.453)	(11.390.433)
Legal reserves	1.345.650	1.324.823
Reported result	(3.919.025)	1.149.789
Capital related to parent company	88.507.961	53.670.822
Interests that do not control	2.867.001	3.823.943
Total capital and reserves	91.374.962	57.494.765
Long term debt		
Loans from bond issues	24.340.699	9.609.806
Bank loans	20.486.797	11.166.109
Leasing	19.183.957	19.290.728
Total long term debt	64.011.453	40.066.644
Current liabilities		
Loans from bond issues	47.458	25.194.352
Bank loans	10.751.909	13.998.791
Leasing	6.419.839	4.693.525
Dividend payment	3.287.500	500.942
Tax	491.374	284.250
Trade debts and other debts	129.067.712	78.363.431
Total current liabilities	150.065.791	123.035.292
Total debt	214.077.245	163.101.936
Total capital and liabilities	305.452.207	220.596.700

Consolidated statement of cash flows

	<u>31 Dec 2023</u>	<u>31 Dec 2022</u>
Gross profit	1.661.849	(2.069.186)
Adjustments for:		
Depreciation	9.047.336	4.424.982
Goodwill impairment	-	495.000
Expenses with sold assets	157.283	12.517
Benefits granted to employees - SOP	1.073.576	890.381
Adjustments for depreciation of receivables	295.870	198.849
Adjustments for inventory depreciation	94.994	-
Expenses related to acquisition of participation	689.691	1.650.821
Interest expenses and other financial costs	5.350.300	3.604.056
Leasing	1.568.955	724.899
Interest income and other financial income	(701.892)	(90.607)
Profit/loss title placed	2.070.416	3.411.090
Profit/loss equivalent method titles	116.080	(273.630)
Operating profit before the variation of working capital	21.424.457	12.979.173
Variation of accounts receivable balances	37.315.527	(15.174.426)
Variation of inventory account balances	38.968.928	2.240.336
Variation of debt accounts balances	(33.033.647)	19.341.027
Cash generated from operations	64.675.264	19.386.111
Tax paid	(3.685.519)	(1.391.092)
Net cash from operating activities	60.989.745	17.995.019
<i>Cash flow from investment activities:</i>		
Net payments for acquisition of subsidiaries	(24.578.984)	(15.023.596)
Payments for purchase of participation interests	(841.345)	(830.127)
Proceeds from sales of participation interests	-	10.447.460
Loans granted to related parties	(600.000)	240.000
Purchase of tangible and intangible assets	(3.704.387)	(4.054.298)
Other investments in financial assets	(119.071)	(4.179.499)
Proceeds from other financial investments	413.635	4.809.727
Dividend	68.661	134.220
Interest collected	664.453	111.911
Net cash from investment activities	(28.697.038)	(8.344.203)
<i>Cash flow from financing activities:</i>		
Capital increase with cash contributions	31.260.944	-
Redemption/sales of own shares	4.550.607	(2.603.739)
Bank loans	10.000.000	9.951.863
Bank loans repayments	(24.868.831)	-
Bonds issue	14.636.689	9.609.806
Bonds issue repayments	(24.403.700)	-
Payment of leasing related debts	(5.421.435)	(2.956.494)
Interest paid	(5.999.290)	(3.326.805)
Dividends paid related to minority interests	(615.600)	(1.428.279)
Net cash from financing activities	(860.616)	9.246.353
Net increase in cash	31.432.091	18.897.168
Cash at the beginning of the year	42.300.365	23.403.197
Cash at the end of the year	73.732.456	42.300.365

For questions or feedback, please write us at:
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