BITTNET SYSTEMS SA

CONSOLIDATED FINANCIAL STATEMENTS

PREPARED IN ACCORDANCE WITH THE OMFP NO. 2844/2016 AND INTERNATIONAL FINANCIAL REPORTING STANDARDS AS ADOPTED BY THE EUROPEAN UNION, AS REVISED

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	2024	2023
Continuing operations			
Revenues from contracts with customers	[7]	404,113,044	359,089,188
Cost of sales	[8]	(330,002,661)	(296,076,346)
Gross profit		74,110,382	63,012,842
Other income	[9]	2,363,095	1,962,994
Sales related expenses	[10]	(20,798,497)	(17,622,267)
General and administrative expenses	[11]	(44,034,551)	(38,866,832)
Impairment	[9]	(2,078,990)	-
Other expenses	[9]	(45,510)	(689,691)
Equity accounted investees	[20]	(39,541)	(121,055)
Losses from investments at FVTPL	[13]	(4,024,130)	(2,167,698)
Financial income	[13]	727,599	644,625
Financial expenses	[13]	(7,033,711)	(6,928,650)
Profit/ (loss) before tax		(853,853)	(775,732)
Income tax	[14]	(1,523,249)	(615,392)
Profit/ (loss) from continuing operations		(2,377,102)	(1,391,124)
Discontinued operations			
Profit/loss from discontinued operations, net of tax		11,495,927	2,214,786
Net Profit, of which:		9,118,826	823,662
related to the parent company		5,333,846	(6,285,048)
related to minority interests		3,784,979	7,108,710
Other comprehensive income		-	-
Total comprehensive income		9,118,826	823,662
related to the parent company		5,333,846	(6,285,048)
related to minority interests		3,784,979	7,108,710
Earnings per share from continuing operations	[5]		
basic		(0.0091)	(0.0135)
diluted		(0.0084)	(0.0128)
Earnings per share from discontinued operations			
basic		0.0174	0.0021
diluted		0.0162	0.0019

The financial statements from page [3] to page [103] were approved and signed on 28 March 2025.

Mihai Logofatu	Adrian Stanescu
CEO	CFO

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	31 Dec 2024	31 Dec 2023
ASSETS			Restated (see note 35)
Non-current assets			
Goodwill	[16]	67,950,004	79,079,083
Other intangible assets	[18]	8,661,920	9,653,554
Tangible fixed assets	[19]	7,058,287	8,572,475
Rights of use assets	[28]	22,412,622	24,127,088
Investments accounted for using the equity method	[20]	1,271,853	2,797,885
Other financial assets		378,633	695,988
Deferred tax	[14]	4,165,763	3,796,271
Total non-current assets		111,899,083	128,722,342
Current assets			
Inventory	[21]	4,811,756	4,226,836
Work in progress	[22]	15,324,838	6,858,701
Trade receivables	[22]	105,920,420	58,729,184
Other receivables	[22]	18,138,601	13,974,095
Financial assets at fair value	[20]	5,710,669	11,356,744
Cash and cash equivalents	[23]	73,355,404	70,013,172
Total current assets		223,261,688	165,158,731
TOTAL ASSETS		335,160,771	293,881,073
EQUITY AND DEBTS			
Share capital		63,417,672	63,417,672
Issue premiums		31,934,768	31,934,768
Other equity items		(28,669,257)	(16,150,032)
Reserves		2,104,581	1,355,734
Retained earnings		1,581,052	(7,714,326)
Capital related to the parent company	[24]	70,368,816	72,843,816
Non-controlling interests	[25]	6,826,502	8,449,099
Total equity and reserves		77,195,318	81,292,914
Long-term debts			
Bonds	[26]	30,718,474	24,340,699
Bank loans	[27]	12,525,113	18,976,363
Leasing liabilities	[28]	17,479,202	19,184,756
Long-term debts for acquisition of subsidiary	[29]	-	5,000,000
Total non-current-term liabilities		60,722,790	67,501,819
Current debts			
Bonds	[26]	167,365	47,458
Bank loans	[27]	15,974,109	8,542,343
Leasing liabilities	[28]	6,422,410	6,419,839
Dividends payable		544,411	3,265,428
Income tax liabilities	[14]	794,758	622,641
Contract liability	[29]	19,038,100	7,878,495
Trade liabilities	[29]	136,778,390	95,460,369
Other liabilities	[29]	16,258,583	21,418,563
Provisions	[29]	1,264,538	1,431,205
Total current debts		197,242,663	145,086,340
Total liabilities		257,965,453	212,588,160

TOTAL EQUITY AND DEBTS	335,160,771	293,881,073

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

CONSOLIDATED STATEMENT OF CASH FLOW

		2024	2023
Net profit		**9,118,826**	**823,662**
Adjustments for:			
Depreciation expenses	[11]	10,735,511	9,047,336
Impairment	[9]	2,078,990	-
Expenses related to disposed assets		606,497	11,021
Benefits granted to SOP employees	[24]	1,043,509	1,073,576
Expected credit losses on receivables		(7,098)	285,407
Inventory write-downs		(111,516)	94,994
Provisions	[29]	(166,667)	(1,905,561)
Expenses related to M&A pre-acquisition costs	[9]	45,510	689,691
Interest expenses and other financial costs	[13]	6,767,026	6,687,620
Income tax	[14]	1,523,249	911,339
Interest income and other financial income	[13]	(461,056)	(547,343)
(Gain)/loss from investments at FVTPL	[13]	4,181,814	2,070,416
Gain from sale of discontinued operation		(10,673,256)	-
Share of loss on equity accounted investees	[20]	39,541	121,055
Operating profit before working capital change		**24,720,880**	**18,112,282**
Change in trade and other receivables		(58,621,756)	32,566,404
Change in inventory		(618,988)	38,968,927
Change in trade and other payables		58,434,304	(25,195,382)
Cash generated from operation		**23,985,756**	**64,452,230**
Profit tax paid		(1,986,721)	(921,760)
Net cash from operating activities		**21,999,035**	**60,766,313**
Investment activities:			
Payments for acquisition of subsidiaries/businesses, less cash acquired	[17]	-	(28,298,984)
Payments for the purchase of participation interests	[17]	-	(841,345)
Proceeds from the sale subsidiary, less cash sold	[17]	13,862,761	-
Loans granted to related entities	[30]	150,000	(600,000)
Acquisitions of tangible and intangible assets		(2,017,582)	(1,710,863)
Other investments in financial instruments		-	(119,071)
Proceeds from other financial investments	[20]	1,467,912	413,635
Dividends received		78,225	68,661
Interest received		480,528	509,905
Net cash from investment activities		**14,021,844**	**(30,578,062)**
Financing activities:			
Purchase of non-controlling interests		(24,485,735)	-
Proceeds from share issue	[24]	-	31,260,944
Sales of treasury shares	[24]	2,857,998	4,550,607
Repurchases of treasury shares	[24]	(766,058)	-
Drawdown of bank loans	[27]	10,971,851	10,000,000
Repayments of bank loans	[27]	(9,991,335)	(24,868,831)
Proceeds from bond issue	[26]	6,268,326	14,636,689
Repayments of bond issues	[26]	-	(24,403,700)
Interest on leasing liabilities	[28]	(1,321,496)	(1,367,887)
Payments of leasing liabilities	[28]	(6,997,252)	(5,698,944)
Interest paid		(5,253,859)	(5,968,724)
Dividends paid		(3,889,770)	(615,600)
Net cash from financing activities		**(32,607,330)**	**(2,475,445)**
Net increase in cash and cash equivalents		**3,342,233**	**27,712,806**

Cash and cash equivalents at the beginning of the financial year	70,013,171	42,300,365
Cash and cash equivalents at the end of the financial year	73,355,404	70,013,171

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

		Share capital	Issue premiums	Other equity items	Legal reserves	Retained earnings	Total attributable to owners of the Company	Non-controlling interests	Total equity
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
Net profit/ (loss)		-	-	-	-	(6,285,048)	(6,285,048)	7,108,710	823,662
Other elements of the global result		-	-	-	-	-	-	-	-
Total Global result		-	-	-	-	(6,285,048)	(6,285,048)	7,108,710	823,662
Share capital increase of parent		10,569,612	22,196,185	(64,411)	-	-	32,701,386	-	32,701,386
Share capital increases subsidiaries		-	-	-	-	-	-	2,037,402	2,037,402
Benefits granted to SOP employees	[24]	-	-	1,073,576	-	-	1,073,576	-	1,073,576
Repurchases of treasury shares	[24]	-	-	-	-	-	-	-	-
Sales of treasury shares	[24]	-	-	4,550,607	-	-	4,550,607	-	4,550,607
Acquisition of minority interest	[17]	-	-	(10,319,371)	-		(10,319,371)	-	(10,319,371)
Non-controlling interests		-	-	-	-	(385,082)	(385,082)	(2,431,342)	(2,816,424)
Dividend distribution		-	-	-	-	(2,163,073)	(2,163,073)	(2,089,614)	(4,252,686)
Distribution of the legal reserve		-	-	-	30,911	(30,911)	-	-	-
31 Dec 2023		63,417,672	31,934,768	(16,150,032)	1,355,734	(7,714,326)	72,843,816	8,449,099	81,292,914
Net profit/ (loss)		-	-	-	-	5,333,846	5,333,846	3,784,979	9,118,826
Other elements of the global result		-	-	-	-	-	-	-	-
Total Global result		-	-	-	-	5,333,846	5,333,846	3,784,979	9,118,826
Share capital increase of parent		-	-	-	-	-	-	-	-
Share capital increases subsidiaries	[25]	-	-	-	-	-	-	6,571,537	6,571,537
Benefits granted to SOP	[24]	-	-	1,043,509	-	-	1,043,509	-	1,043,509

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

employees									
Repurchases of treasury shares	[24]	-	-	(766,058)	-	-	(766,058)	-	(766,058)
Sales of treasury shares	[24]	-	-	2,857,998	-	-	2,857,998	-	2,857,998
Acquisition of minority interest	[17]	-	-	(15,654,674)	-	-	(15,654,674)	-	(15,654,674)
Non-controlling interests		-	-	-	-	4,710,380	4,710,380	(10,810,359)	(6,099,979)
Dividend distribution		-	-	-	-	-	-	(1,168,753)	(1,168,753)
Distribution of the legal reserve		-	-	-	748,847	(748,847)	-	-	-
31 Dec 2024		63,417,672	31,934,768	(28,669,257)	2,104,581	1,581,052	70,368,816	6,826,502	77,195,318

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NOTE 1. GENERAL INFORMATION

Group structure and operational activities

The financial statements include the consolidated financial information of the parent company Bittnet Systems S.A. (the "Issuer"), headquartered in Bucharest, 44 Sergent Ion Nuţu street, ONE COTROCENI PARK, Building A & B, 4th floor, 5th District, Bucharest and the following subsidiaries, all of which are registered in Romania (together 'the Group'):

	31 Dec 2024	31 Dec 2023
SUBSIDIARIES - % ownership		
Dendrio Solutions	96.5%	88.001%
Dendrio Innovations (formerly Dataware Consulting),	96.5%	88.001%
Dendrio Technology (formerly Top Tech),	96.5%	75.69%
2Net Computer, (*)	-	88.001%
IT Prepared	50.2%	50.2%
Equatorial Gaming	100%	98.99%
Equatorial Training, (**)	-	98.99%
Computer Learning Center (**)	-	100%
Fort SA (formerly Global Resolution Experts) (***)	-	58.87%
GRX Advisory (***)	-	58.87%
ISEC Associates (***)	-	58.87%
Elian Solutions	61.69%	51.02%
Kepler Management Systems	61.69%	62.87%
Nenos Software	60.97%	60.97%
Nonlinear	60%	60%

(*) 2Net Computer has been absorbed into Top Tech as of 31.12.2024
(**) Equatorial Training and Computer Learning Center have been absorbed into Equatorial Gaming as of 30.12.2024
(***) The Group has sold its entire participation in Fort SA (Fort SA and subsidiaries GRX Advisory and ISEC Associates) during December 2024

	31 Dec 2024	31 Dec 2023
ASSOCIATES		
E-Learning Company	23%	23%

As at 31.12.2024, the Group has over 297 employees working for one of the 10 companies included in the Group.

During FY2024, the average number of employees of the Group was 297. The following table shows the division by functional departments at the end of the fiscal years 2023-2024:

Dep.	31 dec 2024	31 dec 2023
Delivery	178	217
Sales	55	64

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

Administrative	64	76
TOTAL	297	357

The consolidated financial statements include the results of the business combination by the acquisition method. In the statement of financial position, the assets, liabilities and contingent liabilities of the purchasing 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 (Dataware Consulting - May 2023, Kepler Management Systems - November 2023).

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.

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 dimension where the activity is organised in more independent centres ("cells"), in areas of interest - "development pillars" or "business units" (Training, Cloud & Infrastructure, Cybersecurity and Business applications & Software development), 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.

Bittnet shares (BNET symbol) are listed on the BVB Regulated Market and are part of the main BVB indices.

a) Education Division

This division contains 2 companies (Bittnet Systems and Equatorial Gaming (which absorbed Equatorial Training and Computer Learning Center as of December 2024), accompanied by a minority shareholding in The E-Learning Company), offering training to adults in two areas: Technical Skills and Human Skills in both traditional, face-to-face, Virtual Remote and instructor-led or eLearning formats. The trainings provided allow experts access to technology by teaching IT skills, starting from basic skills (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.

Equatorial Gaming

Equatorial, a *game-based learning* company, specializes in providing transformational 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: VRunners, a mobile platform evolution of the Marathon app. In 2019, Equatorial launched 2 new games: White Hat and Bona Fides Agency.

In December 2024, Equatorial Gaming absorbed Computer Learning Center, purchased by the Group in August 2021 and focused on delivering trainings in cybersecurity area.

The E-Learning Company S.A. (equity accounted associate)

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.

Bittnet had been allocated a position in the Board of Directors of E-Learning Company.

Bittnet Systems and E-Learning Company also signed a loan agreement, the balance of which as at 31.12.2024 amounted to RON 450,000.

b) Cloud & Infrastructure Division (Digital Infrastructure)

This division contains 4 companies (**Dendrio Solutions, Dendrio Innovations (**former Dataware Consulting**), Dendrio Technology (**former Top Tech**,** which absorbed 2Net Computer as of December 2024**)** and **IT Prepared**) offering complex IT solutions to customers in the corporate, large corporate, enterprise and public sector segments throughout the country but also abroad (mainly CEE and USA).

The solutions offered start from physical communications infrastructure, 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 centre/hybrid or cloud, 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.

Dendrio Solutions

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.

Dendrio Technology (former Top Tech)

Dedrio Technology is a Romanian company, integrator of IT&C products and services, with business in Transylvania. Currently, TopTech has partnerships with some of the most important technology manufacturers, such as Dell or HP, for the delivery of equipment, solutions and technological services. The company has over 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.

2Net Computer

2NET Computer SRL is a Romanian company with over 20 years of experience in providing IT&C products and services, mainly in the Brasov area and the centre of the country for local and international clients present in Brasov, Harghita and Covasna counties. 2Net Computer provides products and technology solutions from the main international vendors, proving expertise in the following fields: design and implementation of technical security systems; technology solutions & services for setting up equipment, servers, storage, networking, software, virtualization, hardware & software security; the sale of hardware components/PC/printers, copiers & multifunctional/scanners.

In December 2024, 2Net Computer was absorbed by Dendrio Technology.

Dendrio Innovations (former Dataware Consulting)

Dataware Consulting is one of the most important integrators of technology solutions and services regarding the implementation and configuration of IT infrastructures, data networks, storage and security solutions from the main international technology vendors.

Dataware Consulting has been consolidated in the financial statements starting from June 2023.

IT Prepared (rebranded: Optimizor)

IT Prepared SRL is an IT managed services company established in 2016, providing IT support and managed services for IT infrastructures primarily to Romanian clients.

c) Cybersecurity Division

This division contained 3 companies (**Fort S.A. - formerly Global Resolutin Experts, GRX-Advisory** and **ISEC Associates**) that provide cyber security services to corporate, large corporate, enterprise and public sector clients from all over the country.

ISEC Associates

ISEC Associates is a company specializing in comprehensive security audit, consultancy and testing services. ISEC helps companies identify, assess, secure and manage information security. By acquiring ISEC, Bittnet has developed its position in the cyber security market.

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

Fort (formerly Global Resolution Experts S.A.) is a professional services company in the cybersecurity area, providing penetration testing, but also design, implementation and maintenance of solutions of cybersecurity. Fort fully owns GRX Advisory SRL, with similar services.

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

All 3 companies that constituted the Group's Cybersecurity division were deconsolidated at balance sheet level on 31.12.2024, following the full sale of the Group's shareholding to Agista Investments and Impetum Investments funds.

d) Business applications & Software development division

Currently, this division contains 4 companies: **Elian Solutions, Kepler Management Systems, Nenos Software & Nonlinear.**

Elian Solutions

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 centres and much more.

Kepler Management Systems

In November 2023, the Group informed investors and the market about the signing of the share purchase agreement for the acquisition of Kepler Management Systems. Kepler Management is a company similar in profile and business to Elian Solutions, being one of the main Microsoft partners in Romania for the implementation and support of the Microsoft Dynamics 365 Business Central ERP (enterprise resource planning) solution.

Kepler Management has been consolidated in the financial statements starting with November 2023.

Nenos Software & Nonlinear

Nenos Software is a custom software development company with a focus on Artificial Intelligence and Machine Learning (AI/ML). Nonlinear SRL is an SPV established to access European financing; the activity is one of product-based software development, focused on the development of a platform for digitalization and automation of processes within small and medium-sized companies using low code/no code and machine learning technologies.

The Group's Management

Given the current size of the Group, the General Meeting of 20 April 2023 approved the extension of the Board of Directors from 3 to 5 members. The composition of the Board is according to the election results was as follows:

1) Ivylon Management SRL – Executive Director, by Mihai Alexandru Constantin Logofătu. On 31.12.2023, Mihai Logofătu held 55,651,882 shares, which represents 8.77% of the share capital. Mihai Logofatu is the co-founder of Bittnet Systems.
2) Cristian Ion Logofătu – non-executive administrator. On 31.12.2023, Cristian Logofătu held 53,592,812 shares, which represents 8.45% of the share capital. Cristian Logofatu is the co-founder of Bittnet Systems.
3) Anghel Lucian Claudiu – non-executive director, who holds 5,468,395 shares of the Issuer on 31.12.2023, i.e. 0.86% of the share capital.
4) Rudolf Paul Vizental – non-executive director, does not hold as at 31.12.2023 shares of the Issuer.
5) Dynamic Data Drawings SRL – non-executive director, through Anca Mănițiu. Anca Mănițiu holds on 31.12.2023 a number of 763,237 shares of the Issuer, representing 0.12% of the share capital.

Given the approaching expiration of the Board of Directors' mandates, at the end of January 2024 Bittnet Systems convened the General Meeting of Shareholders for January 25th , 2024 to elect a new Board. Following the casting of votes, the shareholders elected the new Board of Directors for a 4-year mandate, which has the following composition:

1) Ivylon Management SRL – executive director, through Mihai Alexandru Constantin Logofătu. On 31.03.2024, Mihai Logofătu held a number of 55,651,882 shares, which represented 8.77% of the share capital. Mihai Logofătu is a co-founder of Bittnet Systems.
2) Anghel Lucian Claudiu – non-executive director, who held a number of 5,468,395 shares of the Issuer on 31.03.2024, i.e. a percentage of 0.86% of the share capital.
3) Eccleston Square Capital Limited represented by CIUCU BOGDAN-ANDREI – non-executive director. At the date of his election as a member of the Board of Directors, Mr. Ciucu or the company Ecclestone did not hold shares of Bittnet Systems.
4) CONSTANTINESCU GABRIEL-CLAUDIU – non-executive director. At the date of his election as a member of the Board of Directors, Mr. Constantinescu did not hold shares of Bittnet Systems.

5) Quercus Solutions SRL represented by MICHEȘ PAUL – non-executive director. At the date of his election as a member of the Board of Directors, Mr. Micheș or the company Quercus Solutions did not hold shares of Bittnet Systems.

The operational management of Bittnet Systems is provided by: Mihai Logofătu – CEO and co-founder and Adrian Stănescu – CFO, together with Cristian Herghelegiu – VP Technology and Cristina Ratiu – CEO Education. The 4 persons are identified as key management from the IFRS perspective.

NOTE 2. BASIS FOR PREPARATION OF 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, except for financial assets carried at fair value through profit or loss (FVTPL) and on going concern basis. The consolidated financial statements are presented in RON, which is also the functional currency of the Parent.

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

b) Going concern

The year 2024 was characterized by a slower traction, a prolonged period of project implementation and a greater requirement for the customization of delivered solutions. It was a year in which the IT industry felt cost-cutting strongly, and customers kept their budgets tight in the first part of the year, were more carefully in purchases and investing more cautiously.

The Group has at 31 December 2024 net current assets of lei 26,019 thousand lei (20,073 thousand lei at 31 December 2023) and sufficient cash and cash equivalents of 70,355 thousand lei (70,013 thousand lei at 31 December 2023), while recording positive operating cash flows in both years. The group closely monitors liquidity indicators - conversion of receivables into cash, transactions with customers and suppliers, etc.

Based on analysis of future cash flows at segment level (Note 16), and analysis of outstanding obligations, as well as on the current year results, management considers that the going concern principle is properly applied in the preparation of these consolidated financial statements at 31 December 2024.

c) New standards and interpretations not yet adopted

A number of new and amended accounting standards are effective for annual reporting periods beginning after 1 January 2024 and earlier application is permitted. However, the Group has not early adopted the following new or amended accounting standards in preparing these consolidated financial statements.

IFRS 18 Presentation and Disclosure in Financial Statements

IFRS 18 Presentation and Disclosure in Financial Statements will replace IAS 1 Presentation of Financial Statements and is effective for annual reporting periods beginning on or after 1 January 2027. The new standard introduces the following major changes in requirements:

A more structured statement of profit or loss

IFRS 18 introduces newly defined ‘operating profit’ and ‘profit or loss before financing and income tax’ subtotals and a requirement for all income and expenses to be allocated between three new distinct categories based on a company’s main business activities: operating, investing and financing.

Under IFRS 18, companies are no longer permitted to disclose operating expenses only in the notes. A company presents operating expenses in a way that provides the ‘most useful structured summary’ of its expenses by either nature, function; or using a mixed presentation.

If any operating expenses are presented by function, then new disclosures apply.

Companies are discouraged from labelling items as 'other' and are required to disclose more information if they continue to do so.

MPMs – Disclosed and subject to audit

IFRS 18 also requires some 'non-GAAP' measures to be reported in the financial statements. It introduces a narrow definition for Management Performance Measures ("MPMs"), requiring them to be:

- a subtotal of income and expenses;
- used in public communications outside the financial statements; and
- reflective of management's view of financial performance.

For each MPM presented, companies need to explain in a single note to the financial statements why the measure provides useful information, how it is calculated and reconcile it to an amount determined under IFRS Accounting Standards.

Other changes applicable to the primary financial statements

IFRS 18 sets operating profit as a starting point for the indirect method of presenting cash flows from operating activities and eliminates the option for classifying interest and dividend cash flows as operating activities in the cash flow statement (this differs for companies with specified main business activities). It also requires goodwill to be presented as a new line item on the face of the balance sheet.

The Group plans to apply the new standard from 1 January 2027. The Group expects that the new standard, when initially applied, will have a material impact on its financial statements. The Group is still in the process of assessing the potential impact of the new standard on its financial statements, particularly with respect to the structure of the Group's statement of profit or loss, the statement of cash flows and the additional disclosures required for MPMs. The Group is also assessing the impact on how information is grouped in the financial statements, including for items currently labelled as 'other'.

d) Other standards

The following new and amended standards are not expected to have a significant impact on the Group's consolidated financial statements.

- Contracts Referencing Nature-dependent Electricity (Amendments to IFRS 9 and IFRS 7)
- Lack of Exchangeability (Amendments to IAS 21)
- Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7)
- Annual Improvements to IFRS Accounting Standards – Volume 11
- IFRS 19 Subsidiaries without Public Accountability: Disclosures

The Group anticipates that the adoption of these new 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.

NOTE 3. ESSENTIAL ESTIMATES AND KEY MANAGEMENT JUDGEMENTS

The Group performs certain estimates and assumptions about the future. Estimates and judgements shall be assessed on an ongoing basis, considering 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.

Key management judgements

- Revenue recognition (Note 7) – principal/agent relationship with respect to resale of software licenses;
- Bittnet brand recognition (Note 17);
- Recognition of the employee/collaborator loyalty program by offering actions - "SOP" (Note 23)

Estimates and assumptions

- Evaluation of the consideration related to the employee/collaborator loyalty program by offering actions – "SOP" (Note 23)
- Adjustments assessment of the receivables impairment (Note 21)
- Assumptions related to testing impairment for goodwill (Note 15)

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

(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 2024	31 Dec 2023
Bond issue loans	30,885,839	24,388,157
Leasing liabilities	23,901,612	25,604,595
Bank loans	28,499,222	27,518,706
Trade liabilities and other liabilities	146,534,797	118,165,602
Total	**229,821,470**	**195,677,060**

FINANCIAL ASSETS	31 Dec 2024	31 Dec 2023
Receivables and loans receivables	121,311,921	72,383,557
Investments at FVTPL	5,710,669	11,356,744
Cash and cash equivalents	73,355,404	70,013,171
Total	**200,377,995**	**153,753,472**

(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 (which have a variable interest rate linked to Romanian Banks loan index), 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 retaining accountability for them, has delegated authority for the design and operation of the processes that ensure effective implementation of the objectives and policies to the Group's finance 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 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 particular 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.

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 21.

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 of rising interest rates, having contracted bank loans and from the issuance of bonds, in RON and EUR. 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.

The amounts borrowed are a mix between fixed annual interest (bonds and leasing) and variable annual interest (bank loans). 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 2024	31 Dec 2023
Variable interest	28,499,222	27,518,706
Fixed interest	54,787,451	49,992,753
Total	83,286,673	77,511,459

On December 31, 2024, if interest rates related to loans in RON were 1 percentage point higher/lower, with all other variables held constant, gross profit for the year would be 284,922 lower/higher (31 December 2023: 275,187), 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);
- Most of the sale prices from the contracts are expressed in a foreign currency and are invoiced in RON at the exchange rate on the delivery date, in order to avoid the risk of foreign currency fluctuation.

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 2024	31 Dec 2023
EUR	(36,249,986)	(25,440,626)
USD	3,286,525	1,681,178

On 31 December 2024, if the EUR/RON exchange rate had been 1 percentage point higher/lower, with all other variables held constant, gross profit for the year would have been 362,499 lower/higher (31 December 2023: 254,405), mainly due to the revaluation of net financial assets denominated in EUR.

Other market risk

The Group holds some equity investments in other listed entities. 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.

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

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.

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 2024	Carrying amount	Up to 2 months	2 to 12 months	1 to 2 years	2 to 5 years	Over 5 years
Bond issue loans	30,885,839	167,365	-	9,715,173	21,003,301	-
Leasing liabilities	23,901,612	1,055,931	5,578,632	5,700,642	11,450,385	116,022
Bank loans	28,499,222	650,930	15,323,180	3,561,270	8,193,511	770,332
Trade liabilities and other liabilities	146,534,797	146,534,797	-	-	-	-
Total	229,821,470	148,409,023	20,901,811	18,977,085	40,647,197	886,354

31 December 2023	Carrying amount	Up to 2 months	2 to 12 months	1 to 2 years	2 to 5 years	Over 5 years
Bond issue loans	24,388,157	47,458	-	-	24,340,699	-
Leasing liabilities	25,604,596	1,384,712	5,035,127	5,401,807	12,335,104	1,447,846
Bank loans	27,518,706	2,378,112	6,164,231	6,423,531	12,552,833	-
Trade liabilities and other liabilities	118,165,601	100,620,194	12,545,407	5,000,000	-	-
Total	195,677,060	104,430,476	23,744,765	16,825,338	49,228,636	1,447,846

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

NOTE 5. EARNINGS 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 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 2023-2024 is presented in the following table:

	2024	2023
Net profit attributable to parent company from continuing operations(A)	(5,755,486)	(8,556,194)
Net profit attributable to parent company from discontinued operations (B)		
Number of shares - beginning of period	634,176,714	528,480,595
Capitalization of premiums/retained earnings	-	-
Shares issued during the period in business combinations *(Note 23)*	-	9,677,419
Shares issued during the period against cash *(Note 23)*	-	96,018,700
Number of shares - end of period	634,176,714	634,176,714
Weighted average ordinary shares in the period (C)	634,176,714	607,752,685
Dilutive Effect Shares (SOP)	47,563,254	79,272,089
Total average (D)	681,739,968	671,170,356
Earnings per share from continuing operations		
basic (A/C)	(0.0091)	(0.0135)
diluted (A/D)	(0.0084)	(0.0128)
Earnings per share from discontinued operations		
Basic (B/C)	0.0174	0.0021
Diluted (B/D)	0.0162	0.0019

NOTE 6. INFORMATION BY BUSINESS SEGMENT EXCLUDING DISCONTINUED OPERATIONS

Business segment reporting is carried out in a manner consistent with internal reporting to the main operational decision maker. The key operational decision maker, who is responsible for allocating resources and assessing business segment performance, has been identified as the Executive Management that makes strategic decisions.

Bittnet Group operates four key divisions: Education, Cloud & Infrastructure, Cybersecurity, Business application & Software development.

- Education - this division is made up of 2 companies (Bittnet Systems and Equatorial Gaming), offering training to adults in two areas: Technical Skills and Human Skills in both traditional, face-to-face, Virtual Remote and instructor-led or eLearning formats. The trainings provided allow experts access to technology by teaching IT skills, starting from basic skills (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.
- Cloud & Infrastructure (Digital Infrastructure) - This division is made up of 4 companies Dendrio Solutions, Dendrio Innovations (former Dataware Consulting), Dendrio Technology (former Top Tech) and IT Prepared) offering complex IT solutions to customers in the corporate, large corporate, enterprise and public sector segments throughout the country but also abroad (mainly CEE and USA).

  The solutions offered start from physical communications infrastructure, 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 centre/hybrid or cloud, 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.
- Cybersecurity - this division is made up of 3 companies (Fort S.A. - formerly Global Resolutin Experts, GRX-Advisory and ISEC Associates) that provide cyber security services to corporate, large corporate, enterprise and public sector clients from all over the country. Cybersecurity segment was excluded from reportable segments due to sale of the division.

  The Group sold the Cybersecurity division at the end of December 2024.
- Business applications & Software development - this division is made up of 4 companies: Elian Solutions, Kepler Management Systems, Nenos Software & Nonlinear.

  Elian Solutions and Kepler Management Systems specialise 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 centres and much more.

  Nenos Software is a custom software development company with a focus on Artificial Intelligence and Machine Learning (AI/ML). Nonlinear SRL is an SPV established to access European financing; the activity is one of product-based software development, focused on the development of a platform for digitalization and automation of processes within small and medium-sized companies using low code/no code and machine learning technologies.

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

Gross margin is the main indicator that management monitors in assessing performance in each segment. Sales costs are also tracked by segment, while other general and administrative costs have not been allocated.

OPERATIONAL RESULTS

2024	Education	Cloud&Infra	Cybersecurity (Discontinued)	BA & Software	Total
Total revenue	11,098,692	388,091,662	-	29,230,406	428,420,760
Inter-segment revenue	(561,028)	(22,714,219)	-	(1,032,469)	(24,307,716)
Revenues from contracts with clients	**10,537,664**	**365,377,443**	**-**	**28,197,937**	**404,113,044**
Cost of sales	(5,107,320)	(305,196,693)	-	(19,698,648)	(330,002,661)
Gross margin	**5,430,343**	**60,180,750**	**-**	**8,499,289**	**74,110,382**
Allocated sales costs	(3,764,201)	(14,980,333)	-	(1,305,215)	(20,049,749)
Other income	86,076	2,180,246	-	95,999	2,362,321
Allocated operating expenses	(1,620,980)	(26,055,928)	-	(4,039,583)	(31,716,491)
EBITDA	**131,239**	**21,324,735**	**-**	**3,250,491**	**24,706,465**
Depreciation	(1,652,742)	(6,892,531)	-	(1,023,266)	(9,568,539)
Segment Operating profit	**(1,521,503)**	**14,432,205**	**-**	**2,227,224**	**15,137,925**
Other expenses					(1,089,019)
Impairment					(2,078,990)
Financial income	43	313,698	-	1,253	314,995
Financial expenses	(546,732)	(5,090,125)		(336,845)	(5,973,702)
Unallocated expenses					(7,165,063)
Profit before tax from continuing operations	**(2,068,638)**	**9,655,778**	**-**	**1,891,632**	**(853,853)**
Profit before tax from discontinued operations			**979,776**		**979,776**

2023	Education	Cloud&Infra	Cybersecurity (Discontinued)	BA & Software	Total
Total revenue	14,106,165	327,820,937	-	24,430,309	366,357,411
Inter-segment revenue	(494,072)	(4,666,726)	-	(2,107,426)	(7,268,223)
Revenues from contracts with clients	**13,612,094**	**323,154,211**	**-**	**22,322,883**	**359,089,188**
Cost of sales	(7,157,491)	(273,751,861)	-	(15,166,994)	(296,076,346)
Gross margin	**6,454,603**	**49,402,350**	**-**	**7,155,889**	**63,012,842**
Allocated sales costs	(4,712,228)	(11,343,858)	-	(1,188,173)	(17,244,260)
Other income	(815,935)	1,509,928	-	29,672	723,665
Allocated operating expenses	(4,397,589)	(17,812,620)	-	(3,417,052)	(25,627,261)
EBITDA	**-3,471,150**	**21,755,801**	**-**	**2,580,336**	**20,864,987**
Depreciation	(1,698,164)	(5,721,166)	-	(673,233)	(8,092,563)
Segment Operating profit	**(5,169,314)**	**16,034,635**	**-**	**1,907,103**	**12,772,424**

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

Other expenses					(1,763,267)
Impairment					-
Financial income	91	306,803	-	7	306,901
Financial expenses	(767,005)	(5,340,032)	-	(220,510)	(6,368,179)
Unallocated expenses					(5,723,612)
Profit before tax from continuing operations					**(775,732)**
Profit before tax from discontinued operations			**2,510,733**		**2,510,733**

EBITDA per business segment was calculated as segment operating profit plus depreciation and amortisation.

Unallocated sales costs, other revenue, operating expenses and other expenses pertain to the activity of the listed company Bittnet Systems (e.g. marketing and investor relations expenses, legal and corporate governance expenses, M&A pre-acquisition costs) and cannot be allocated to any of the operating business segments.

ASSETS / LIABILITIES

2024	Education	Cloud&Infra	Cybersecurity	BA & Software	Total
Assets per segment	15,288,478	258,114,864	-	21,547,047	294,950,388
Unallocated assets	-				40,210,383
Total Assets					**335,160,771**
Liabilities per segment	11,342,577	208,519,792	-	7,217,246	227,079,614
Unallocated liabilities					30,885,839
Total liabilities					**257,965,453**

2023	Education	Cloud&Infra	Cybersecurity	BA & Software	Total
Assets per segment	17,156,272	212,954,510	-	25,690,283	255,801,065
Unallocated assets	-				16,144,291
Total Assets					**271,945,356**
Liabilities per segment	14,768,108	144,952,982	-	7,990,730	167,711,820
Unallocated liabilities					24,388,157
Total liabilities					**192,099,977**

Main unallocated liabilities are bonds issued by Bittnet Systems on the regulated market in Romania.

Main unallocated assets are right of use assets and financial assets pertaining to Bittnet Systems.

(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 2023-2024 are detailed in the following table:

	2024	2023
Training services	10,491,166	12,722,158
IT solutions integration services	78,655,474	72,990,075
Revenues from the provision of services	**89,146,640**	**85,712,233**
Merchandise sales IT solutions integration	236,264,751	232,668,514
Licenses	77,880,118	39,748,170
Licenses recognized on net basis (*)	821,535	960,271
Sale of goods	**314,966,404**	**273,376,955**
Total	**404,113,044**	**359,089,188**

* In 2024, the Group acted as Agent for total sales of software licenses worth 7,905,144 ron (2023: 7,236,139 ron) and, as such, recognized the revenues resulting from the resale of these software licenses on a "net" basis, i.e. the resulting gross margin worth 821,535 ron (2023: 960,271 ron) was recognized in full as revenue, with zero selling costs.

Timing of recognition method is detailed in the following table:

	2024	2023
Revenue recognized at point in time	399,056,249	358,563,192
Revenue recognized over time	5,056,795	525,996
Total	**404,113,044**	**359,089,188**

Revenue from geographical perspective

Services are predominantly rendered 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 contracts for the sale of goods (hardware equipment and software licenses), Bittnet Group considers that in most cases it has the 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 partnership status 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-sales and post-sales) and the goods produced by the manufacturers is, in fact, what ensures the benefit to the customers, as a solution tailored to their specific needs (e.g. providing various upgrade options and maximum flexibility) and law compliant. Also, even after the conclusion of the contract, during the whole duration of the contract, the Group is the sole 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 rectify the problems) 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 undertook towards customers. From the customer's perspective, the Group's promise represents a single performance obligation (i.e. the delivery of a customised and law compliant solution) and the Group undertook the performance risk for the entire solution, which attests to 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, by means of 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 incur 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 final customer. Even if by definition there is only one manufacturer for each type of equipment or software license sold to customers, the Group may decide to buy directly from the manufacturer, or from any other authorized supplier (distributor, importer, European, global wholesaler etc.). If, for any reason, the delivery to the customer is not completed, or is not successful (according to the obligations undertaken towards 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) to secure volume discounts or to take advantage of favourable prices (thus voluntarily assuming the inventory risk) and subsequently transfers goods to customers as they confirm their purchase intentions.

In summary, the Group makes a promise to customers to deliver the goods, takes possession and control of the goods, and sets the selling prices through negotiation processes. The Group is free to set prices with customers; thus, the Group may grant additional discounts, or may request price increases to reflect currency risks, speed of delivery, risk of non-receipt from the customer, etc. In other words, to customers, the Group is the supplier of the goods, even if they are produced by manufacturers and/or delivered by distributors, and the Group is 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 the intention/goodwill of customers to pay invoices in due time. The Group has full control over the sales strategy, decides what goods and services to provide, deliver and ultimately implement/configure.

Notwithstanding the above, and taking into account also those mentioned in the interpretation ("agenda decision") provided by the IFRS Interpretation and Maintenance Committee ("IFRIC - IFRS Interpretation Committee") in May 2022 regarding the resale of software licenses ("software resellers"), the Group analyses its commercial relationships with its customers in order to identify those cases where, during the year, only made occasional transactional deliveries of software licenses to a specific customer. The Group considers that such transactions represent resale of standard software licences, in the sense that in these cases the Group does not sell the rights associated with these software licences in combination with its own value-added services, but only intermediates their sale from manufacturers/distributors to end customers.

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

NOTE 8. COST OF SALES

The sales costs for the financial years 2023-2024 are presented in the following table:

	2024	2023
Selling cost of IT goods and licenses	269,880,931	242,043,149
Other direct materials	425,940	330,171
Cloud services	3,280,954	5,347,206
Staff expenditure	25,195,600	19,607,793
Expenses with subcontractors	9,786,698	9,368,509
Services provided by third parties	21,432,539	19,379,518
Total	330,002,661	296,076,346

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

NOTE 9. OTHER INCOME and OTHER EXPENDITURE

a) Other income

	2024	2023
Subsidies	704,286	669,856
Sale & lease-back IT equipment	-	-
Other	1,658,809	1,293,139
Total	**2,363,095**	**1,962,994**

Subsidies

The government grants are mainly represented by the European Funds project run by Fort (formerly Global Resolutions Experts), which has developled an innovative solution based on artificial intelligence. The value of the whole project was RON 7.34 million, of which the European funding represented RON 5.74 million. The project was completed in 2023. In 2023, Fort recognized income from operating subsidies in the amount of RON 2,981,956 related to covering the costs of the research phase of the project.

b) Other expenses

	2024	2023
Pre-acquisition costs for businesss combinations	45,510	689,691
'Equatorial Gaming' trademark impairment *(Note 17)*	650,000	-
Impairment of associate *(Note 19)*	1,428,990	-
Total	**2,124,500**	**689,691**

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

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

NOTE 10. SALES EXPENSES

The sales expenses for the financial years 2023-2024 are presented in the following table:

	2024	2023
Staff expenditure	12,541,160	8,354,786
Expenses with subcontractors	4,895,800	6,171,263
Commissions and fees	1,161,333	427,586
Advertisement	2,200,204	2,668,632
Total	**20,798,497**	**17,622,267**

Contract Costs – Practical Expedient

The Group applies the practical expedient in paragraph 94 of IFRS 15 and expenses incremental costs of obtaining a contract when the amortization period of the asset that would have been recognized is one year or less. These costs are recognized as an expense when incurred.

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

NOTE 11. GENERAL AND ADMINISTRATIVE EXPENSES

The administrative expenses for the financial years 2023-2024 are detailed in the following table:

	2024	2023
Materials	1,525,592	1,709,993
Staff expenditure	12,182,231	11,703,619
Provisions for unused leave	(298,899)	410,692
Expenses with subcontractors	8,384,780	5,711,686
Depreciation and amortization	10,261,013	8,628,619
Headquarters rent	118,341	352,066
Rental of equipment and machines	234,518	209,973
Travel and transportation	733,243	682,596
Insurance	498,977	597,908
Post and telecommunications	360,628	386,933
Donations	137,894	546,132
Receivables adjustments	(7,098)	230,877
Inventory adjustments	(111,516)	94,994
Bank fees	493,217	374,448
Other third party services	6,171,550	7,030,766
Other expenditures	3,350,079	195,530
Total	44,034,551	38,866,832

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

NOTE 12. CLASSIFICATION OF EXPENDITURE BY TYPE

The classification of total operational expenses, by nature, for the financial years 2023-2024 is detailed in the following table:

	2024	2023
Materials and goods	207,737,184	211,859,617
Licenses	64,095,279	31,893,525
Staff expenditure	49,918,991	39,666,198
Provisions for unused leave	(298,899)	410,692
Expenses with subcontractors	23,067,278	21,251,458
Amortization	10,261,013	8,628,619
Cloud services	3,280,954	5,347,206
Rentals	352,859	562,039
Commissions and fees	1,161,333	427,586
Advertisement	2,200,204	2,668,632
Travel and transportation	733,243	682,596
Insurance	498,977	597,908
Post and telecommunications	360,628	386,933
Donations	137,894	546,132
Receivables adjustments	(7,098)	230,877
Stock adjustments	(111,516)	94,994
Bank fees	493,217	374,448
Services provided by third parties	27,604,089	26,410,284
Other expenditures	3,350,079	525,703
Total operating expenses, excluding other expenses	394,835,709	352,565,445

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

NOTE 13. INCOME AND FINANCIAL EXPENSES

Details of revenues and expenses for the financial years 2023-2024 are presented in the following table:

INCOME/FINANCIAL EXPENSES	2024	2023
Interest income	461,056	547,343
Gain from sale of securities	(157,685)	97,282
Income/expenses from valuation of securities at FVTPL (note 20)	(4,024,130)	(2,167,698)
Bank interest	(2,569,509)	(2,829,974)
Factoring costs	-	(10,892)
Interest on issued bonds	(2,985,021)	(2,426,672)
Leasing interest	(1,321,496)	(1,300,102)
Net income/expenses exchange rate differences	266,543	(360,940)
Total	(10,330,242)	(8,451,723)

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

NOTE 14. INCOME TAX

Details regarding the income tax for the financial years 2023-2024 are presented in the following table:

	2024	2023
Current tax	1,815,029	3,139,839
Deferred tax (see below)	(291,780)	(2,524,447)
Income tax expense	1,523,249	(615,392)

	2024	2023
Profit before tax on continuing operations	(853,853)	(775,732)
Romanian corporate tax rate of 16% (2023: 16%)	(136,616)	(124,711)
Tax effect of non-deductible expenses when determining taxable profit:		
Depreciation	6,440	-
Accruals	83,519	216,700
Protocol expenses	130,966	101,395
Other	5,838,521	1,122,815
Tax effect of non-taxable income in determining taxable profit:		
Dividends income	-	-
Legal reserve	(181,408)	(4,946)
Reversal of accruals	(191,720)	(42,090)
Others	(3,725,299)	(1,354,596)
Sponsorship	(54,250)	(211,949)
Fiscal credits	(246,904)	(355,517)
Tax expense of the year	1,523,249	(652,315)
Micro income tax	-	36,923
Total tax expense	1,523,249	(615,392)

The Group has fiscal tax losses that arose in Romania that are available for 7 years for offsetting against future taxable fiscal profits of the companies in which the losses arose. The fiscal tax losses will expire in 2026-2030.

Deferred tax assets have been recognised in respect of these losses as they may be used to offset taxable profits elsewhere in the Group and there is evidence of recoverability in the near future (i.e 3-5 years).

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

Details regarding the expiration date per years of the fiscal tax loss at 31.12.2024 are presented in the table below:

Total fiscal loss, out of which recoverable by:	Fiscal loss	Deferred tax asset (16%)
31 december 2026	356,444	57,031
31 december 2027	731,225	116,996
31 december 2029	5,411,873	865,900
31 december 2030	13,886,106	2,221,777
Total	**20,385,648**	**3,261,704**

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 fiscal loss, the recognition in the consolidated financial statements of the pre-acquisition costs of participation interests and leasing adjustments according to IFRS 16 provisions.

Details regarding the change in deferred tax assets during the years 2023-2024 are presented in the following table:

Deferred tax assets related to:	Fiscal loss	M&A pre-acquisition costs	IFRS 16 RoU adjustments	Total
1 January 2023	**865,818**	**329,323**	**76,683**	**1,271,824**
Registered/(credited) to the account of profit and loss	2,221,777	221,348	81,322	2,524,447
31 december 2023	**3,087,595**	**550,671**	**158,005**	**3,796,271**
Registered/(credited) to the account of profit and loss	174,109	7,282	110,389	291,780
31 december 2024	**3,261,704**	**557,953**	**268,394**	**4,088,051**

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

NOTE 15. DISCONTINUED OPERATIONS

At the end of December 2024, the Group sold its entire participation in Fort SA and its subsidiaries, GRX Advisory and ISEC Associates (see Note 17).

The results of the discontinued operations in 2023 - 2024 are presented below:

	2024	2023
Revenues from contracts with customers	14,497,445	16,442,991
Cost of sales	(9,374,620)	(13,313,054)
Gross profit	**5,122,825**	**3,129,937**
Other income	92,832	3,206,771
Sales related expenses	(914,800)	(810,266)
General and administrative expenses	(3,299,823)	(2,868,088)
Other expenses	-	-
Financial income	47	70
Financial expenses	(21,304)	(147,692)
Profit before income tax	**979,776**	**2,510,732**
Income tax	(157,105)	(295,947)
Net Profit from operating activities	**822,671**	**2,214,785**
Gain on sale of discontinued operation (see Note 17)	10,673,256	-
Profit from discontinued operation, net of tax	**11,495,927**	**2,214,785**

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

NOTE 16. GOODWILL

Details on goodwill are presented in the following table:

	31 Dec 2024	31 Dec 2023 restated
Goodwill – EQUATORIAL GAMING	5,630,411	2,886,334
Goodwill – CLC (*)	-	2,756,124
Goodwill – DENDRIO	17,353,258	17,353,258
Goodwill – DATAWARE	16,513,103	16,961,891
Goodwill – TOP TECH	15,126,475	10,687,350
Goodwill – 2NET COMPUTER (**)	-	4,439,126
Goodwill – IT PREPARED	3,395,739	3,395,739
Goodwill – FORT & GRX- A (***)	-	8,781,392
Goodwill – ISEC ASSOCIATES (***)	-	1,901,660
Goodwill – ELIAN	348,385	348,385
Goodwill – KEPLER	4,894,344	4,879,536
Goodwill – NENOS & NONLINEAR	4,688,289	4,688,289
Total	**67,950,004**	**79,079,083**

(*) Computer Learning Center has been absorbed into Equatorial Gaming as of 30.12.2024
(**) 2Net Computer has been absorbed into Top Tech as of 31.12.2024
(***) The Group has sold its entire participation in Fort and its subsidiaries (GRX Advisory and ISEC Associates) at the end of December 2024

Goodwill calculation

Goodwill related to the transactions carried out by the Group in 2023 was calculated as follows:

	Dataware Consulting (May 2023)	Kepler Management (November 2023)	Total
Intangible assets	206,484	231,079	437,563
Tangible fixed assets	4,350,827	4,498	4,355,325
Other financial assets	14,293	12,611	26,904
Inventory	40,512,783	-	40,512,783
Trade receivables and other receivables	49,186,750	1,007,730	50,194,480
Deferred tax assets	-	-	-
Cash and cash equivalents	1,812,679	889,258	2,701,937
Bank loans	(17,222,636)	-	(17,222,636)
Leasing liabilities	(472,720)	-	(472,720)
Trade liabilities and other liabilities	(73,660,503)	(1,347,130)	(75,007,633)
Profit Tax liabilities	(588,522)	-	(588,522)

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

Total Net Assets	**4,139,434**	**798,046**	4,937,480
Participation acquired (%)	70%	100%	
Net assets acquired	2,897,604	798,046	3,695,650
Consideration paid	19,859,495	5,692,390	25,551,885
Goodwill (Investment – Net assets acquired) at 31.12.2023	**16,961,891**	**4,894,344**	21,856,235
PPA adjustments			
Tangible fixed assets	807,088		807,088
Prepayments	(165,962)		(165,962)
Adjusted Net assets acquired	3,346,392		3,346,392
Goodwill (Investment – Adjusted Net assets acquired) at 31.12.2024	**16,513,103**		**16,513,103**

For the acquisitions completed in 2024, the Group carried out a purchase price allocation (PPA) exercise with an independent evaluator during 2024. Following the PPA, the fair value of the tangible fixed assets of Dataware Consulting was positively adjusted with 807,088 lei, while the prepayment related to profit tax was negatively adjusted with (165,962) lei, leading to a total adjustment of 641,126 lei in the goodwill calculation for the Dataware transaction.

Goodwill recognition and Impairment testing for CGUs containing goodwill

Goodwill arises in a business combination and is the excess of the consideration transferred to acquire a business over the underlying fair value of the net identified assets acquired. Such goodwill is tested annually for impairment or whenever there are impairment indicators, and is carried at cost less accumulated impairment losses.

The company's management analysed the recoverable value of the CGUs/ reportable segments, based on the future cash flows projections.

Following a business combination, goodwill is allocated to a cash-generating unit or to a group of cash-generating units that are expected to benefit, among others, from the synergies of the business combination.

The Group's cash-generating units (CGU) are defined on the basis of the type of products they make and sell. For the purpose of impairment testing, the Group's cash-generating units are aggregated into an operating segment, which is the level reviewed by the Group CFO (i.e. chief financial decision maker).

Management has used the value in use approach to calculate the recoverable amount of the cash-generating unit. The aggregated recoverable amount of the operating segment is then compared to its aggregated carrying amount. An impairment loss is recognized if the aggregated carrying amount of the operating segment exceeds its aggregated recoverable amount. The value in use is determined based on future discounted cash flows using the weighted average cost of capital (WACC). The discount rate reflects the current assessment of the time value of money and the risks specific to the CGU.

The cash flow projections are generally based on a five-year financial planning period using business plans approved by management. The business plans include among others, management's current view on market growth, pricing and costs. In any event, the growth rate used to extrapolate cash flow projections beyond the planning period does not exceed the long-term average growth rate for the relevant market for the products and country in which the cash-generating unit operates.

Management has determined the values assigned to each of the above key assumptions as follows:

Assumption	Approach used to determine values
Sales volume	Sales volumes for the next 5 years were projected taking into account past data and expectations of demand for the next 5 years. Average growth rate for sales volume is of 10%.
Sales price	A sales prices were assumed to increase in line with inflation and industry specific growth rates; increases took into account management strategy and expectations for variations in price as a result of variation in CAGR for each segment. Average value increase in sales is of approximatively 1%.
Budgeted EBITDA margin	Based on past performance of each segment and expectation for improvement in operational costs as a result of synergies at Group level.
Other operating costs	Fixed costs of the CGUs, which do not vary significantly with sales volumes or prices. Management forecasts these costs based on the current structure of the business, adjusting for inflationary increases but not reflecting any future restructurings or cost-saving measures. The amounts disclosed above are the average operating costs for the five-year forecast period.
Annual capital expenditure	Expected cash costs in the CGUs. This is based on the historical experience of management, and the replacement expenditure. No incremental revenue or cost savings are assumed in the value in use model as a result of this expenditure.
Weighted average cost of capital	This is the weighted average cost of capital used to extrapolate cash flows beyond the budget period. To calculate the discount rate, the Group used Weighted Average Cost of Capital ("WACC"), which reflects the optimal funding structure applied to the flows in the numerical order.
Pre-tax discount rates	Reflects the specific risks related to the relevant segments and to the country.
Long-term growth rate	Long term growth rate used in impairment testing is of 3% for all subsidiaries. The long term growth rate was determined by an independent evaluator as at 31 December 2024.

Education

The recoverable amount of Education of RON 14,946 thousand was determined based on a value in use calculation using cash flow projections from financial budgets approved by senior management covering a five-year period. The pre-tax discount rate applied to cash flow projections is 14.58% and cash flows beyond the five-year period are extrapolated using a 3% growth rate. As a result of the analysis, there is headroom of RON 2,942 thousand and management did not identify an impairment for this CGU in 2024 or 2023.

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

Cloud & Infrastructure (Digital Infrastructure)

The recoverable amount of Cloud & Infrastructure CGU of RON 208,869 thousand was determined based on a value in use calculation using cash flow projections from financial budgets approved by senior management covering a five-year period. The pre-tax discount rate applied to cash flow projections is 14.58% and cash flows beyond the five-year period are extrapolated using a 3% growth rate. As a result of the analysis, there is headroom of RON 104,812 thousand and management did not identify an impairment for this CGU in 2024 or 2023.

Business applications & Software development

The recoverable amount of Business applications & software development CGU of RON 54,270 thousand was determined based on a value in use calculation using cash flow projections from financial budgets approved by senior management covering a five-year period. The pre-tax discount rate applied to cash flow projections is 14.58% and cash flows beyond the five-year period are extrapolated using a 3% growth rate. As a result of the analysis, there is headroom of RON 20,750 thousand and management did not identify an impairment for this CGU in 2024 or 2023.

Operating segments (2024)	Carrying amount of goodwill and intangible with undetermined Useful life (thou RON)	Pre-tax WACC	Long-term growth rates	Adjusted EBITDA margins Terminal value
Education	5,630	14.58 %	3%	21.5%
Cloud & Infrastructure	78,357	14.58 %	3%	7.8%
Business applications & software development	9,931	14.58 %	3%	23.1%

Operating segments (2023)	Carrying amount of goodwill and intangible with undetermined Useful life (thou RON)	Pre-tax WACC	Long-term growth rates	Adjusted EBITDA margins Terminal value
Education	5,642	13.78 %	3%	21.2%

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

Cloud & Infrastructure	63,157	13.78 %	3%	5.5%
Cybersecurity	10,683	13.78 %	3%	33.8%
Business applications & software development	9,916	13.78 %	3%	35.1%

A sensitivity analysis was performed on the discount rate, revenue growth rate and EBITDA variation for terminal value at the cash-generating units' level for goodwill impairment purposes.

Operating segments (2024)	Amount by which value in use exceeds carrying amount (thou RON)	Increase required In discount rate (%)	Decrease in terminal value revenues (%)	Terminal value EBITDA decrease (%)
Education	2,942	2.3%	(7.2%)	(17%)
Cloud & Infrastructure	104,812	9%	(22.7%)	(50%)
Business applications & software development	20,750	15%	(23.5%)	(75%)

Operating segments (2023)	Amount by which value in use exceeds carrying amount (RON)	Increase required In discount rate (%)	Decrease in terminal value revenues (%)	Terminal value EBITDA decrease (%)
Education	12,307	8.8%	(20.7%)	(40%)
Cloud & Infrastructure	42,340	4.4%	(11.4)	(46%)
Cybersecurity	32,228	24%	(52.3%)	(77.9%)
Business applications & software development	43,962	31.8%	(34.6%)	(50%)

NOTE 17. BUSINESS COMBINATIONS

Transactions 2024

a) Education Division

Equatorial Gaming - change of legal form and shareholder structure in April 2024

At the end of April 2024, Bittnet decided (together with the founding shareholder of Equatorial Gaming who still owned 1% of the company at that time) to change the legal form of organization of Equatorial Gaming from a joint stock company (SA) to a limited liability company (SRL). The founding shareholder also agreed to transfer, at the nominal value, the minority holding it still had at that time in Equatorial Gaming to Bittnet Systems, namely the transfer of all 1,430 shares held, with a face value of 1 leu and a total value of 1,430 lei. Following the registration operation at the Trade Register, Equatorial Gaming SRL is 100% owned by Bittnet Systems SA.

Computer Learning Center (CLC) – share capital increase by converting receivables held by Bittnet Systems in June 2024

In June 2024, Bittnet Systems SA (as the unique shareholder) decided to increase the capital of CLC by the amount of 2,286,896 lei by converting some certain, liquid and due receivables resulting from: the intragroup loan in the amount of 1,780,000 lei according to the intragroup loan agreement and subsequent addendums, the interest related to this loan in the amount of 235,653 lei, as well as commercial debts of CLC to its sole shareholder resulting from current activity, in the amount of 271,243 lei.

Merger process of companies from the Education pillar, December 2024: Equatorial Gaming – Equatorial Training – Computer Learning Center

On August 20th, 2024, the merger project between the companies part of the Education pillar of the Group was submitted to the Trade Register, namely between Equatorial Gaming SRL (as the absorbing company) and Equatorial Training SRL and Computer Learning Center SRL (as the absorbed companies). The merger project was completed on 30th December 2024 and at the end of it the shares of the 2 absorbed companies were canceled, and the assets and liabilities were absorbed into Equatorial Gaming SRL. All ongoing contracts with partners, customers, suppliers and employees from Equatorial Training and Computer Learning Center were taken over by Equatorial Gaming SRL.

b) Cloud & Infrastructure division (Digital Infrastructure)

Consolidation of holdings within the pillar under Dendrio Solutions and capital increase operation – April 2024

As part of the restructuring and simplification strategy of Bittnet group, in April 2024 the Group management and Dendrio's minority shareholders decided to consolidate the holdings within the Digital Infrastructure pillar under the legal entity Dendrio Solutions. Thus, Agista Investments and Bittnet Systems, shareholders in both Dendrio Solutions and Top Tech, transferred their holdings in the company Top Tech to Dendrio Solutions. The price for the acquitision of 14% of Top Tech from Agista Investment was negotiated by the Group on an arm's length basis at 3,750,000 lei.

Bittnet Group purchased Dataware in May 2023, initially settling an amount of RON 19,859,495 lei for 70% of the shares, while the remaining 30% was acquired in December 2024 for a tota price of EUR 3,000,000

(5,000,000 lei paid in cash by Bittnet Systems in January 2024, 5,000,000 lei in Dendrio shares, and 5,000,000 lei paid in cash by Dendrio Solutions in February 2025).

As a result of these transactions, Dendrio Solutions individually and directly owns 100% of the shares of Top Tech and Dataware Consulting, considering the profiles of IT&C solutions and services integrators that the 3 companies have.

Following the transactions described above, the sellers (Agista Investments and Bittnet Systems) were allocated shares in Dendrio Solutions as part of a share capital increase through the conversion of the relevant receivables (debt to equity conversion at the level of Dendrio Solutions).

The total impact on Non-controlling interests resulted from the above-mentioned capital increase operation was an increase by RON 4,997,572 (see note 25).

Acquisition of minority stake in Dendrio Solutions (from Agista Investments) – December 2024

In December 2024, Bittnet Systems signed the closing certificates regarding the acquisition of 11.7765% stake in Dendrio Solutions from Agista Investments for the amount of 16,828,603 lei (paid in cash). In this regard, Bittnet acquired, in two tranches (on 20.12.2024 and 24.12.2024), a number of 90,014 shares in Dendrio Solutions, each with a face value of 10 lei and a total nominal value of 900,140 lei.

The transfer of shares was carried out after fulfilling some suspensive clauses specific to these types of transactions, including obtaining the approval from the Foreign Direct Investment Review Commission (CEISD – FDI) and was based on the consolidating strategy of holdings in the Digital Infrastructure pillar. Thus, with the exit of the investment fund from the Dendrio Solutions shareholder base, the shareholding structure in the company is as follows: Bittnet Systems – 96.501%, Constantin Savu and Cătălin Georgescu – 3.499%.

Rebranding October-November 2024

As part of the strategy to consolidate the holdings and businesses in the Digital Infrastructure pillar around Dendrio Solutions, and also to simplify the group structure, the Group decided to rebrand the companies Dataware Consulting and TopTech. Thus, at the end of October 2024, the company Dataware Consulting became Dendrio Innovations, and the company Top Tech became Dendrio Technology, changes also made at the Trade Register.

Merger project in the Digital Infrastructure pillar – December 2024: Dendrio Technology (formerly named Top Tech) – 2Net Computer

On August 12, 2024, the merger project was submitted to the Trade Register together with the rest of the supporting documents necessary for this operation. The merger between Dendrio Technology SRL (as the absorbing company) and 2Net Computer SRL (as the absorbed company) is in line with the Group's plans to simplify the structure and streamline the operations of the Digital Infrastructure pillar. The project was completed on December 31st, 2024, and at the end of it the shares of 2Net Computer were cancelled, the company's assets and liabilities being absorbed into Dendrio Technology (formerly Top Tech).

c) Cybersecurity Division

FORT SA: share capital increase and dividend distribution – August/September 2024

On July 2nd 2024, Fort shareholders voted in the first General Meeting organized as a public company, listed on the Bucharest Stock Exchange, AeRO-SMT market. In the General meeting, dividends related to 2023 profits in the total amount of 1,008,836 lei (out of which lei 414,984 payable to NCI) were approved and a share capital increase through the allocation of free shares – through the capitalization of issue premiums – was also approved. In August 2024, the distribution of 0.99 lei/share was made and, in September 2024, the allocation of free shares was made, 10 free shares for 1 held on the registration date .

Sale of the Cybersecurity pillar – December 2024

In December 2024, Bittnet Systems (as the seller) and Agista Investmens, together with Impetum Investments fund (as the buyers), signed the closing certificates regarding the transaction of 6,598,350 Fort SA shares (58.8650% of the share capital and voting rights), representing Bittnet's entire holding in Fort SA, for the amount of RON 23,490,126 lei. This sale represented the first exit of a company which was part of Bittnet Group and this is part of the Group's publicly declared strategy to simplify the group's structure and create value for its shareholders, including through the sale of subsidiaries or business units.

The actual transfer of Bittnet Systems' ownership in Fort was carried out through the capital market mechanisms, at a price of 3.56 lei/share, and the trading orders were executed on the DEALS market of the Bucharest Stock Exchange (BVB) on 20.12.2024, 27.12.2024 and 30.12.2024. For the last tranche of the sale of Fort SA, Bittnet Sytems granted a loan to Impetum Investments, the counterparty in the transaction, in the amount of 5,150,000 lei, a loan granted for a period of 6 months and with an interest rate of 6% per year.

Proceeds from the sale of the subsidiary in the statement of cash flows are shown net of segment cash at the date of disposal and net of loan granted to related parties for segment disposal in the amount of 5,150,000 lei, thus reaching a total amount of 13,862,761.

All 3 companies that constituted the Group's Cybersecurity division were deconsolidated at balance sheet level on 31.12.2024, following the full sale of the Group's shareholding to Agista Investments and Impetum Investments funds.

Assets and liabilities sold pertaining to the Cybersecurity division, deconsolidated at 31.12.2024, are presented below:

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

	Fort	GRX Advisory	ISEC Associates	Total
ASSETS				
Fixed assets				
Intangible assets	226,689	11,726	2,114	240,529
Tangible fixed assets	557,230	496,674	148,450	1,202,354
Investments accounted for using the equity method	2,851,000	-	-	2,851,000
Other financial assets	8,679	-	-	8,679
Deferred tax	6,483	3,240	560	10,283
Total fixed assets	3,650,081	511,639	151,124	4,312,845
Current assets				
Inventory	145,584	-	-	145,584
Prepayments	771,826	28,777	7,834	808,438
Trade receivables and other receivables	3,115,652	499,105	242,603	3,857,360
Financial assets at fair value	-	-	-	-
Cash and cash equivalents	3,140,049	1,097,889	168,952	4,406,889
Total current assets	7,173,111	1,625,770	419,389	9,218,271
TOTAL ASSETS	10,823,192	2,137,410	570,514	13,531,116
Long-term liabilities				
Bank loans	-	-		
Leasing liabilities	362,105	358,248	112,891	833,245
Total long-term liabilities	362,105	358,248	112,891	833,245
Current liabilities				
Bank loans	-	-		
Leasing liabilities	128,544	101,713	32,164	262,421
Dividends payable	-	533,802	-	533,802
Profit tax liabilities	-	57,682	(712)	56,970
Deferred income	750,609	-	3,955	754,564
Trade liabilities and other liabilities	2,181,020	360,678	80,200	2,621,897
Provisions	-	-	-	-
Total current liabilities	3,060,173	1,053,875	115,606	4,229,654
Total LIABILITIES	3,422,278	1,412,123	228,498	5,062,899
TOTAL NET ASSETS	7,400,914	725,287	342,016	8,468,217
Group's share of total net assets (58.87%)				(4,984,819)
NCI (41.13%) (note 25)				(3,483,398)

The gain on disposal of the Cybersecurity division was calculated as follows:

GAIN ON DISPOSAL OF CYBERSECURITY DIVISION

Consideration received	23,490,126
Goodwill derecognition, net of interdivision holdings	(7,832,052)
Net carrying amount of divisions assets and liabilities	(4,984,819)
Gain on disposal of Cybersecurity division	10,673,256

d) Business applications & Software development division

Elian Solutions - capital increase operation in May 2024

At the end of May 2024 Bittnet Systems transferred its 24.2% minority holding in Kepler Management Systems to Elian Solutions for the total amount of 1,429,651 lei. The price for the intragrup transaction was based on the total acquisition cost for Kepler Management of 5,950,800 lei (i.e. consideration paid plus M&A preacquisition costs), by which the Group acquired 100% of Kepler Management from the original shareholders in November 2023. Following the registration of the new capital structure in the Trade Register, Kepler Management Systems is 100% owned by Elian Solutions.

Also at the end of May, Bittnet Systems together with the other 2 shareholders of Elian Solutions, decided to increase the share capital of Elian Solutions with the value of the Bittnet Systems's receivable resulting from the transfer of the holding in Kepler Management to Elian Solutions, as well as by converting into capital the intragroup loan in the amount of 3,100,000 lei granted by Bittnet Systems to Elian Solutions in November 2023 for the acquisition of Kepler Management Systems.

Following these operations, the equity of Elian Solutions was increased by 4,529,651 lei through the conversion of Bittnet Systems's receivables (a debt to equity conversion operation at the level of Elian Solutions), and the share of Bittnet Systems' holding in Elian Solutions increased from 51% to 61.69% after registering the capital increase at the Trade Register. The pre-capitalization value of Elian Solutions and its wholly owned subsidiary Kepler Management was negotiated by the Group with the 2 minority shareholders of Elian Solutions on an arm's length basis at 16.2 million lei, using a 6.5x EV/Net profit multiplier based on figures for FY 2023.

The total impact on Non-controlling interests resulted from the above-mentioned capital increase operation was an increase by RON 1,573,964 (see note 25).

Kepler Management – settlement of 2nd and 3rd installments in January / April 2024

In November 2023, the Group informed investors and the market about the signing of the share purchase agreement for the acquisition of Kepler Management Systems. The transaction price assumed a payment tranche in BNET shares in the equivalent 1,000,000 lei, shares which would have been allocated to former Kepler shareholders in a future capital increase. Through an addendum to the share purchase agreement, the parties agreed that this installment would be paid in cash and the corresponding payment was made during January 2024.

Additionally, the transfer price also included a variable component determined by Kepler's individual EBITDA value for 2023, an instalment that amounted to 1,560,215 RON that has been paid in April 2024, after the closing of Kepler's individual annual financial statements for 2023.

Transactions 2023

M&A transactions 2023

The Group has purchased two of its subsidiaries (Dataware Consulting and Kepler Management) in 2023 from third parties. The Group has decided to account for transactions in accordance with provisions of IFRS 3 – Business combinations accounting, according to which the acquirer is a separate entity in its own right and should not be confused with the economic group as a whole. The accounting policy has been applied consistently in both acquisitions.

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

Acquisition of Dataware Consulting ("Dataware") in May 2023

Dataware Consulting entered the Bittnet group as of June 2023 through the acquisition by the Group of a 70% stake of the shares (following the M&A transaction, Bittnet Systems owned 18.87% and Dendrio Solutions owned 51.13%). The total price of the transaction amounted to RON 19,859,495, out of which the equivalent of RON 5,000,000 was payable in BNET shares. Through an addendum to the share sale and purchase agreement, the parties agreed the cash payment of this instalment in June 2023.

In December 2023, the Group's Management decided to fully acquire the minority interests in Dataware Consulting from its founders, namely the remaining percentage of 30%. At year end, the ownership percentages in Dataware Consulting were: Dendrio Solutions – 71.13% and Bittnet Systems SA – 28.87% of the share capital and voting rights.

The purchase price was set at EUR 3,000,000, to be paid as follows: partially in cash by Bittnet Systems (5,000,000 lei, instalment paid in January 2024), partially in shares of Dendrio Solutions (5,000,000 lei, which have been allocated to the two founders of Dataware within an operation of share capital increase which was completed in May 2024) and partially in cash by Dendrio Solutions (EUR 1,000,000, an amount that was paid in RON at the exchange rate from the date of the bank transfer, during February 2025).

Acquisition of Kepler Management ("Kepler") in November 2023

In November 2023, the Group informed investors and the market about the signing of the share purchase agreement for the acquisition of Kepler Management Systems. The transaction price assumed a mix of cash and BNET shares (RON 3,132,175 in cash and RON 1,000,000 in Bittnet Systems shares - through an addendum to the share purchase agreement, the parties agreed to the cash payment of this instalment, the payment of which was made during January 2024). Additionally, the transfer price also included a variable component determined by Kepler's individual EBITDA value for 2023, an instalment that amounted to 1,560,215 RON that has been paid in April 2024.

Considering the above-mentioned, the total consideration paid for the acquisition of 100% of shares in Kepler Management was 5,692,390 lei (3,132,175 lei paid in 2023 and 2,560,215 lei paid in 2024).

Total payments for acquisitions of subsidiaries in 2023-2024 are presented below:

	31 Dec 2024	31 Dec 2023
Consideration paid		
Dataware Consulting	5,000,000	19,859,495
Kepler Management	2,560,215	3,132,175
Dendrio Solutions	16,878,579	-
IT Prepared	-	2,894,526
Nenos Software	-	2,425,000
Top Tech	-	2,000,000
Equatorial Gamng	1,430	-
Total consideration paid	**24,440,224**	**30,311,196**
M&A pre-acquisition costs		

Dataware Consulting	-	476,791
Kepler Management	45,510	212,900
Total pre-acquisition costs	**45,510**	**689,691**
Less cash acquired		(2,701,937)
Total payments for acquisitons of subsidiaries, less cash acquired	**24,485,734**	**28,298,984**

Acquisitions in 2023 - Assets and liabilities taken over

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

Other transactions 2023

	Dataware Consulting	Kepler Management	Total
ASSETS			
Fixed assets			
Intangible assets	206,484	231,079	437,563
Tangible fixed assets	4,350,827	4,498	4,335,325
Other financial assets	14,293	12,611	26,903
Total fixed assets	**4,571,603**	**248,188**	**4,819,791**
Current assets			
Inventory	40,512,783	-	40,512,783
Prepayments	974,277	-	974,277
Trade receivables and other receivables	48,212,473	1,007,730	49,220,203
Cash and cash equivalents	1,812,679	889,258	2,701,937
Total current assets	**91,512,212**	**1,896,988**	**93,409,200**
TOTAL ASSETS	**96,083,815**	**2,145,176**	**98,228,991**
Long-term liabilities			
Bank loans	-	-	-
Leasing liabilities	-	-	-
Total long-term liabilities	-	-	-
Current liabilities			
Bank loans	17,222,636	-	17,222,636
Leasing liabilities	472,720	-	472,720
Profit tax liabilities	588,522	-	588,522
Deferred income	2,737,415	7,263	2,744,678
Trade liabilities and other liabilities	67,373,731	1,339,867	68,713,599
Provisions	3,549,357	-	3,549,357
Total current liabilities	**91,944,381**	**1,347,130**	**93,291,512**
Total LIABILITIES	**91,944,381**	**1,347,130**	**93,291,512**
TOTAL NET ASSETS	**4,139,434**	**798,046**	**4,937,480**

a) Education division

E-Learning Company – settlement of the 2nd payment installment in March 2023

The Group acquired 23% of the share capital of The E-Learning Company (ELC) in January 2021. The total value of the transaction was RON 2.5 million. The payment to the founders of the E-Learning Company was made in two stages (850,000 lei paid in cash in 2021 and 1,682,690 respectively - calculated following the closing of the financial statements as at 31.12.2021 - paid 50% in cash in April 2022 and the remaining 50% in cash in March 2023).

b) Cloud & Infrastructure division

Top Tech – settlement of the 2nd payment installment in March-April 2023

The total value of the transaction price for the acquisition of Top Tech was RON 12,874,306, of which RON 5,000,000 (2nd instalment) should have been settled in BNET shares in a future capital increase; the cash component, worth RON 7,874,306 (1st instalment), was paid in full in September 2022. In March 2023, the parties signed an additional document to the share sale and purchase agreement, by which they agreed that the amount of RON 2,000,000.11, related to 2nd instalment, should be paid in cash by payment order, while the amount of RON 2,999,999.89 would be converted into BNET shares in the capital increase carried out in the 1st quarter of 2023. The bank transfer was made in March 2023, and the allocation of BNET shares to the founder of Top Tech in April 2023.

IT Prepared – settlement of the 2nd and 3rd payment installments in March / June 2023

The transaction price amounted to USD 776,290 for 50.2% of the company's share capital and was paid in 3 instalments (USD 265,200 paid in cash in 2021, USD 368,290 paid in March 2023, and RON 1,078,768 - amount updated following the closing of IT Prepared's financial statements on 31.12.2022 - paid in cash in June 2023.

c) Cybersecurity division

ISEC capital increase – September 2023

In September 2023, the shareholders of ISEC Associates agreed to convert into capital the amount of RON 716,990, the registrations being also made with the Trade Register. The Group maintained its participation in ISEC Associates after this operation (69.99% of shares held by Bittnet Systems), with Mr. Andriescu Alexandru and Provision Software owning the remaining 30.01%.

Acquisition of ISEC by Fort – October 2023

Considering the new operational organization of the group in the 4 business segments ,but also taking into account the fact that a listing on the AeRO market of BVB was aimed for the Cybersecurity pillar the management of the Group decided to organize all the companies that have the same activity , namely cybersecurity, under the the listed legal entity Fort. . Thus, ownership of ISEC Associates, was transferred from the direct control of Bittnet Systems (which owned 69.99% of the capital), to Fort. Aditionally, the minority shareholders of ISEC Associates (which owned 30.01% of the capital) also sold their participation to Fort.

In this respect, the assignment contract of 26.10.2023 was signed between the former associates of ISEC Associates (Bittnet Systems, Mr. Andriescu Alexandru and Provision Software) as sellers and Fort as buyer. The agreement provided for the sale of 100% of shares of ISEC Associates to Fort for the amount of RON 2,850,000.

According to the share transfer agreement, the sellers agreed that in exchange for the transaction price, FORT shares will be allocated to them in a future operation to increase the share capital by converting the resulting receivables. Consequently, the transaction price did not involve the payment of any amount in cash by Fort for the full purchase of ISEC Associates.

Fort capital increase – November 2023

In November 2023, the share capital of FORT SA was increased by the amount of RON 8,550, from RON 90,000 up RON 98,550, by allocating a number of 85,499 shares to the sellers of ISEC Associates (Bittnet Systems, Mr. Alexandru Andriescu and Provision Software). In addition to the subscribed and paid social capital, this operation also generated an increase in Fort's own capital, by recording the amount of RON 2,841,414 as share premiums.

Fort private placement – December 2023

In December 2023, Bittnet Group informed the market about the successful completion of a private placement in order to increase the share capital through new cash contributions in FORT SA, an operation prior to the listing on the AeRO-SMT market. The placement was closed at the price of RON 50 per share. Thus, the share capital increased by the amount of RON 1,676,350, divided into RON 3,352.70 share capital and RON 1,672,997.30 share premiums. Following the placement, Bittnet Systems' ownership in Fort was 58.87%.

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

NOTE 18. 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 December 2022	6,440,355	2,636,646	9,077,001
Business combinations		437,563	437,563
Additions	-	1,268,780	1,268,780
Assignments/Transfer	-	(211,385)	(211,385)
Amortization	-	(918,405)	(918,405)
On 31 December 2023	6,440,355	3,213,198	9,653,553
Business combinations		(240,529)	(240,529)
Additions	-	1,659,840	1,659,840
Assignments/Transfer	-	(633,566)	(633,566)
Amortization	-	(1,127,377)	(1,127,377)
Impairment	(650,000)	-	(650,000)
On 31 December 2024	5,790,355	2,871,565	8,661,920

Key management judgements - Bittnet Brand (Recognition, Evaluation, Registration)

Bittnet brand

The Group controls the Bittnet Brand with a carrying value of RON 5.8 million, with the ability to obtain future economic benefits from the underlying resource and to restrict others' access to those benefits. The ability to control future economic benefits derives from legal rights the enforcement of which can be upheld in court - pursuant to the 8th Copyright Act.

Equatorial brand

After the successful merger between Equatorial Gaming (as absorbing entity) and Equatorial Training and Computer Learning Center (as absorbed entities) at the end of December 2024, the Group decided to rename Equatorial Gaming as 'Bittnet Training'. As such, Group management considers that it can no longer obain future economic benefits from the Equatorial brand. Thus, the Equatorial brand has been fully impaired at 31.12.2024.

Key management judgements – indefinite lifetime

The Bittnet brand was acquired from third parties. It has been established that it has an indefinite useful life as there is no intention to abandon the brand name. The Group has the ability to maintain brand value for an indefinite period of time. Thus, the brand is not amortised but it is tested annually for impairment. As brands do not generate largely independent cash inflows, they are allocated to the Group's CGUs (Training) for goodwill impairment testing as part of the assets of the business.

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

NOTE 19. 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 December 2022	3,184,888	4,893,171	1,472,362	9,550,421
Business combinations	2,133,709	2,029,259	190,503	4,353,471
Additions	2,570,331	1,991,945	633,812	5,196,087
Disposal	(3,147,902)	(307,002)	(241,408)	(3,696,311)
On 31 December 2023	4,741,026	8,607,373	2,055,269	15,403,668
Business combinations	(153,654)	(233,125)	(313,552)	(700,331)
Additions	70,078	1,432,579	144,911	1,647,569
Disposal	(21,132)	(1,219,705)	(246,833)	(1,487,671)
On 31 December 2024	4,636,318	8,587,122	1,639,795	14,863,235
Depreciation				
On 31 December 2022	223,626	4,095,690	621,526	4,940,843
Depreciation expense	259,444	1,330,405	709,115	2,298,965
Disposal	(20,623)	(314,094)	(73,897)	(408,615)
On 31 December 2023	462,447	5,112,001	1,256,745	6,831,193
Depreciation expense	424,103	1,877,260	401,248	2,702,611
Business combinations	(40,765)	(198,441)	(279,823)	(519,028)
Disposal	(10,000)	(1,005,289)	(194,539)	(1,209,827)
On 31 December 2024	835,785	5,785,531	1,183,632	7,804,948
Net value				
On 31 December 2024	3,800,533	2,801,591	456,163	7,058,287
On 31 December 2023	4,278,579	3,495,372	798,524	8,572,475
On 31 December 2022	2,961,262	797,481	850,835	4,609,578

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

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

NOTE 20. SECURITIES

a) Investments accounted for using the equity method

	31 Dec 2024	31 Dec 2023
E-Learning Company		
Initial	2,797,884	2,918,939
Dividend distribution	(57,500)	-
Profit/loss investmens accounted equity method	(39,541)	(121,055)
Impairment	(1,428,990)	
Total	1,271,853	2,797,884

The E-Learning Company

Bittnet Group owns a 23% stake in E-Learning Company. The investment was accounted for using the equity method.

In 2024, the Group recorded through equity accounted securities the share of ownership (23%) of the net loss realized by E-Learning Company.

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

The following tables illustrate the summarised financial information of the Group's investment in E-Learning Company at B/S and P/L level:

	31 Dec 2024	31 Dec 2023
ASSETS		
Fixed assets		
Other intangible assets	473,619	744,089
Tangible fixed assets	21,708	24,492
Total fixed assets	**495,327**	**769,032**
Current assets		
Inventory	313,488	-
Prepayments	204,002	313,200
Trade receivables and other receivables	208,881	983,768
Cash and cash equivalents	42,478	100,215
Total current assets	**768,849**	**1,397,183**
TOTAL ASSETS	**1,264,176**	**2,166,214**
EQUITY AND DEBTS		
Share capital	90,000	90,000
Reserves	18,000	18,000
Accumulated losses / retained earnings	166,463	1,141,242
Total equity and reserves	**274,463**	**1,249,242**
Current debts		
Dividends payable	134,880	-
Deferred income	211,498	31,567
Trade liabilities and other liabilities	643,735	885,405
Total current debts	**989,713**	**916,972**
Total liabilities	**989,713**	**916,972**
TOTAL EQUITY AND DEBTS	**1,264,176**	**2,166,214**

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

	2024	2023
Revenues from contracts with customers	2,210,695	1,905,352
Sales Cost	(858,122)	(1,098,0800
Gross margin	**1,352,574**	**807,272**
Other revenues	1,223	13,535
Sales expenses	(211,441)	119,368
General and administrative expenses	(1,283,681)	(1,210,587)
Other expenses	(19,840)	(38,718)
Financial income/expenditure	(10,751)	(10,621)
Gross profit /(loss)	**(171,917)**	**(558,488)**
Tax Profit	-	(13,411)
Net profit (loss)	**(171,917)**	**(571,899)**

The Group's investment in E-Learning Company is tested annually for impairment. Management has used the value in use approach to calculate the recoverable amount of the investment. The aggregated recoverable amount of the investment is then compared to its aggregated carrying amount. An impairment loss is recognized if the aggregated carrying amount of the investment exceeds its aggregated recoverable amount. The value in use is determined based on future discounted cash flows using the weighted average cost of capital (WACC). The discount rate reflects the current assessment of the time value of money and the risks specific to the investment.

The recoverable amount of E-Learning Company of RON 5,489 thousand was determined based on a value in use calculation using cash flow projections from financial forecasts covering a five-year period. The pre-tax discount rate applied to cash flow projections is 14.58% and cash flows beyond the five-year period are extrapolated using a 3% growth rate. As a result of the analysis, the recoverable amount of the Group's investment in E-Learning Company is RON 1,272 thousand. Consequently, the Group has recorded an impairment of RON 1,429 thousand at 31.12.2024.

b) Other financial assets (securities) at fair value

	31 Dec 2024	31 Dec 2023
Softbinator Technologies	5,710,669	9,600,543
Arctic Stream	-	1,756,201
Total	**5,710,669**	**11,356,744**

Details of the evolution of securities at fair value in 2024 are shown in the table below:

	Arctic Stream	Softbinator Technologies	Total
Value 31.12.2023	**1,756,201**	**9,600,543**	**11,356,744**
Acquisitions	-	-	-
Disposals	(1,620,755)	(1,190)	(1,621,945)
Re-valuation	(135,446)	(3,888,684)	(4,024,130)
Value 31.12.2024	**-**	**5,710,669**	**5,710,669**

Softbinator Technologies

Softbinator is a product development company, specialized in the design, development and launch of software products mainly in the fields of 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.

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

At 31.12.2024, the investment in Softbinator Technologies shares was revalued using the average trading price on the AeRO market on 31.12.2024.

Arctic Stream

Arctic Stream is an IT integrator focused on the technologies of the American manufacturer Cisco Systems, competitor of Dendrio Solutions in this market segment.

During the third quarter of 2024, the Group liquidated its holding in Arctic Stream (AST), so that at the end of the reporting period the Group no longer held AST shares in its portfolio. The total sale value of the Group's holding in AST shares amounted to 1,471,321.

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

NOTE 21. INVENTORY

Details of inventories are presented in the following table:

	31 Dec 2024	31 Dec 2023
Materials	90,330	252,523
Goods	4,721,426	3,974,313
Total	**4,811,756**	**4,226,836**

Reconciliation of stock adjustments:

	2024	2023
1 January	**115,694**	**20,700**
Adjustments during the period	-	94,994
Disposal of stocks	-	-
31 December	**115,694**	**115,694**

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

NOTE 22. TRADE RECEIVABLES AND OTHER RECEIVABLES

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

	31 Dec 2024	31 Dec 2023
Trade receivables		
Customer receivables	106,619,318	59,428,081
Adjustments for customer receivables	(698,898)	(698,898)
Customer receivable net	**105,920,420**	**58,729,183**
Other trade receivables		
Other projects receivable	5,054,356	4,456,880
Related party loans (*Note 28*)	5,617,966	637,438
Subsidies	43,125	2,891,562
Warranties	378,633	685,309
Other receivables	4,297,421	4,983,185
Advances to suppliers	1,401,586	323,814
Receivables from the state budget	1,724,147	691,896
Total other receivables, of which:	**18,517,234**	**14,670,083**
Non-current assets	378,633	695,988
Current assets	18,138,601	13,974,095

Work in progress

If the selling price of a contract includes a separate, contractually specified amount for the subsequent provision of services (as in the case of revenue from the sale of producer guarantee services or vendor warranties), that amount is deferred (account 472 "Contract liability") and recognised as revenue during the period in which the services are rendered, but no later than the end of the period for which the subsequent provision of services was contracted. Conversely, the related expenses are deferred (account 471, "Work in progress") and recognised in the same period in which the services are rendered.

	31 Dec 2024	31 Dec 2023
Work in progress	15,324,838	6,858,701

Statement of customers' net receivables per seniority:

	31 Dec 2024	31 Dec 2023
Not due	95,148,667	33,265,206
0-30	3,348,684	9,932,553

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

31-90	4,048,682	12,422,854
91-180	1,707,304	142,597
181-360	228,856	2,904,186
over 360	1,438,228	61,789
Total	**105,920,420**	**58,729,184**

Reconciliation of customer receivables adjustments:

	2024	2023
1 January	**698,898**	**413,256**
M&As adjustments input	-	412,768
Adjustments during the period	-	31,510
Receivables cancellation	-	-
Resume adjustments	-	(158,636)
31 December	**698,898**	**698,898**

Significant estimates

Impairment analysis for trade and other receivables is carried out by the Group by separating receivable into 2 categories: trade receivable from private companies, trade receivable from government agencies. 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 looked at receivable buckets for each category (Not due, 1-90 days, 91-180, 181-365 and above 365); specific provisions were made where recoverability was considered low. Based on this analysis, management decided not to record any additional provision in the financial statements.

Loss rates are presented below:

	ECL% Companies	ECL % Government
Not due	0.22%	0.43%

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

1-90 days	1.10%	0.11%
91-180	9.63%	0.84%
181-365	30.75%	3.35%
above 365	100.00%	90.09%%

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

NOTE 23. CASH AND CASH EQUIVALENTS

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

	31 Dec 2024	31 Dec 2023
Bank in RON	63,295,511	60,710,941
Bank in RON – cash collateral	7,268,426	4,382,728
Bank in foreign currency	2,419,805	3,872,527
Bank in foreign currency – cash collateral	310,483	973,658
Cash in Cash Register	61,178	73,317
Total	73,355,404	70,013,171

Cash collateral deposits represent restricted cash - collateral related with cash and non-cash facilities contracted with bank lenders (Procredit Bank and Banca Transilvania).

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

NOTE 24. CAPITAL AND RESERVES

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

	31 Dec 2024	31 Dec 2023
Share capital	63,417,672	63,417,672
Issue premiums	31,934,768	31,934,768
Other equity items	(28,669,257)	(16,150,032)
Legal reserves	2,104,581	1,355,734
Retained earnings	(3,752,793)	(1,429,278)
Current period result	5,333,845	(6,285,048)
Total	**70,368,816**	**72,843,816**

a) Share capital

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

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

Shareholders and % shareholding	31 Dec 2024	31 Dec 2023
AGISTA INVESTMENTS S.R.L.	13.75%	13.75%
IMPETUM INVESTMENTS S.A.	13.33%	13.33%
Mihai Logofătu	8.77%	8.77%
Cristian Logofătu	8.59%	8.47%
Others	55.56%	55.68%
Total	**100%**	**100%**

Share capital	2024	2023
In issue 1st of January	634,176,714	528,480,595
Exercise of share options	-	-
Issued in business combinations	-	9,677,419
Issued in share capital increase	-	96,018,700
In issue 31st of December	634,176,714	634,176,714

Share capital increase through new contributions and debt conversion - March 2023

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

In the first 3 months of the year, a new capital increase operation was successfully carried out, as a result of which Bittnet's capital increased by the amount of RON 32,765,796.89, related to 105,696,119 new shares. Within this financing operation, 96,018,700 new shares worth RON 29,765,797 (90.84% of the entire volume of the bid) were subscribed with cash contributions at the price of RON 0.31 per share, the difference representing the conversion of receivables in the amount of RON 2,999,999.89, resulting from the transaction for the acquisition of Top Tech (2nd installment, see Note 16). The receivables were converted into shares at the price of RON 0.31 per share.

Following the completion of the procedures required for the registration of the new share capital and the new number of shares with the Trade Registry Office, the Financial Supervisory Authority, the Central Depository and the Bucharest Stock Exchange, the subscribed and paid-up share capital of Bittnet Systems SA is worth RON 63,417,671.40, corresponding to 634,176,714 ordinary shares.

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 31/1990, each year at least 5% of the profit is taken to form the reserve fund, until it reaches at least one fifth of the share capital. Reserves representing tax facilities may not be distributed with implications on the recalculation of corporate income tax.

d) Other equity items

The Group recognises through other equity items mainly:

- acquisition/sale of treasury shares held
- loss resulting from the recognition and measurement of SOPs
- the impact of operations related to the implementation of the SOP

Treasury shares held

TREASURY SHARES	
Balance at 01.01.2023	23,970,745
Sales 2023	14,723,545
Balance at 31.12.2023	**9,247,200**
Sales 2024	9,247,200
Purchases 2024	4,000,000
Balance at 31.12.2024	**4,000,000**

During 2023, the Group sold 14,723,545 shares at a total price of RON 4,550,607.

During January 2024, the Group sold all its treasury shares held at 31.12.2023 for a total amount of RON 2,857,998.15.

Share repurchase program – August 2024

On August 07th 2024 Bittnet Systems informed the investors and the capital market about the Decision of the Board of Directors from August 06th 2024 regarding the start of a share repurchase program, starting with August 07th 2024.

The period for the program was set at 18 months from the date of registration of the EGMS Decision 04 of 2024 approving the repurchase operation, a term that began to run from 08.05.2024. The maximum number of shares repurchased was set at 10,000,000 BNET ordinary shares, within the limit of a maximum budget allocated for this operation of 2,000,000 ron.

The intermediary through which this market operation is carried out is BRK Financial Group and the maximum daily volume repurchased is within the limit of 25% of the average daily quantity of shares traded on the market, calculated according to the applicable legislation, according to art. 3 paragraph (3) letter b) of the EU Delegated Regulation 2016/1052.

The price at which the repurchases are carried out is within the range established by the EGMS Decision no. 04 of April 25th 2024: the minimum repurchase price 0.1 RON/share (respectively the face value of the BNET share), and the maximum repurchase price 0.25 RON/share. The implementation of the repurchase program is carried out from own sources.

By the end of the year, the Group repurchased 4,000,000 shares with at a total price of 766,058 ron.

SOP Recognition and Measurement

The Group has assessed from an IFRS 2 perspective whether share-based payment transactions with employees (SOPs) are settled in cash or by issuing shares.

The Group settles transactions by issuing to option holders a number of shares equivalent (at market price) to the financial value of the option. The capital increase is made by lifting the pre-emptive right and on the basis of the Director's Decision.

As a result, although at an intermediate stage the “debt” is valued with respect to the settlement of the SOP, the economic substance of the transaction is that they are settled in shares. As a result, the Group has recognised the SOP transactions as being settled in shares, and has recognised and measured the services received in the Statement of Comprehensive Income and the corresponding increase directly in equity.

Transactions with employees and other collaborators providing similar services have been measured at the fair value of the equity instruments granted, as it has not usually been possible to reliably estimate the fair value of the services received.

Significant estimates - SOP assessment

Fair value measurement at grant date (as per 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:

- the spot price at the GMS date, i.e. the average split-adjusted price at t-1
- the 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
- number of shares of the company at grant date
- the dilution percentage of the Stock Option Plan

The full value of each plan is recognised in costs over the vesting period of each plan.

SOP 2021

By Decision No. 5 of the EGMS of 27 April 2021, the Company's shareholders voted an incentive plan with options for key persons with a duration of 2 years, worth a maximum of 5% of the Company's total shares.

Main coordinates of the SOP2021 incentive plan:

- effective date: date of approval by the EGMS, i.e. 27.04.2021;
- duration: 2 years from the effective date;
- option date: 10.05 – 10.06.2023;
- exercise price: the purchase price of a share for which the option is exercised will be established on the date of exercise of the option, taking into account the total number of shares of the Company on the exercise date, so that the Company's capitalization is equal to the company's capitalization on the reference date: April 14, 2021.

The fair value assessment on the grant date (according to IFRS 2) – the date of approval of the plan by the OGMS, 27.04.2021 – was performed using the Black-Scholes model, using the following values for the model:

- spot price on the OGMS date, i.e. average price adjusted for splits at t-1: 0.711
- strike price, i.e. average price adjusted for splits on the reference date, 14.04.2021: 0.674
- volatility, according to the analysis of the daily price of BNET shares, adjusted for splits, from listing on the market until t-1: 3.72%
- risk-free interest rate, i.e. ROBOR 12M published at t-1: 1.74%
- maturity: 2 years
- number of company shares at the grant date: 247,228,275
- dilution percentage from the Stock Option Plan: 5%

The total value of the plan – equal to the Black-Scholes value (0.061) * number of company shares * dilution percentage = 754,046 ron – was recognized as cost over the lifetime of the plan, i.e. for a period of 2 years, May 2021 – April 2023. In 2024, the Group recognized an expense with SOP 2024 in the amount of 0 ron (2023: 125,674 ron).

In May 2023 key persons did not exercise their option given the execution conditions of the plan, so the SOP2021 plan expired unexercised.

SOP 2022

By resolution no. 7 of the EGMS of 20 April 2022, the Company's shareholders voted an incentive plan with options for key persons with a duration of 2 years, worth a maximum of 5% of the Company's total shares.

Main coordinates of the SOP 2022 plan:

- effective date: 11.04.2022;
- duration: 2 years from the effective date;
- option exercise date: 10.05 – 10.06.2024;

- exercise price: the purchase price of a share for which the call option is exercised will be established on the date of exercise of the option, taking into account the total number of shares of the Company on the exercise date, so that the Company's capitalization is equal to the company's capitalization on the reference date: 11 April 2022.

The fair value assessment on the grant date (according to IFRS 2) – the date of approval of the plan by the OGMA, 20.04.2022 – was performed using the Black - Scholes model, using the following values for the model:

- spot price on the OGMA date, i.e. average price adjusted for splits at t-1: 0.3153
- strike price, i.e. average price adjusted for splits at the reference date, 11.04.2022: 0.3194
- volatility, according to the analysis of the daily price of BNET shares, adjusted for splits, from listing on the market until t-1: 4.28%
- risk-free interest rate, i.e. ROBOR 12M published at t-1: 4.95%
- maturity: 2 years
- number of company shares at grant date: 480,436,904
- dilution percentage from Stock Option Plan: 5%

The total value of the plan – equal to the Black-Scholes value (0.027) * number of company shares * dilution percentage = RON 754,046 – was recognized as cost over the lifetime of the plan, i.e. over a period of 2 years, May 2022 – April 2024. In 2024, the Group recognized an expense with SOP 2022 in the amount of 108,098 lei (2023: 324,295 lei).

In May 2024 key persons did not exercise their option given the execution conditions of the plan, so the SOP2022 plan expired unexercised.

SOP 2023-2026 (Long Term Incentive Plan through Equity Participation in the Company)

By Decision No. 11 of the EGMS of 27 April 2023, the shareholders approved an incentive plan for key persons based on options for participation in the Company's capital. Compared to previous incentive plans, it has a duration of 3 years and a value of 7.5% of the Company's total shares.

Main coordinates of the plan (SOP 2023):

- effective date: 13.04.2023;
- duration: 3 years from the effective date;
- option exercise date: 10.05 – 10.06.2026;
- exercise price: the purchase price of a share for which the call option is exercised will be established on the date of exercise of the option, taking into account the total number of shares of the Company on the exercise date, so that the Company's capitalization is equal to the company's capitalization on the reference date: 13 April 2024.

The fair value assessment on the grant date (according to IFRS 2) – the date of approval of the plan by the OGMA, 20.04.2022 – was performed using the Black - Scholes model, using the following values for the model:

- spot price on the OGMA date, i.e. average price adjusted for splits at t-1: 0.299
- strike price, i.e. average price adjusted for splits at the reference date, 13.04.2023: 0.2989
- volatility, according to the analysis of the daily price of BNET shares, adjusted for splits, from listing on the AeRO market until t-1: 4.08%
- risk-free interest rate, i.e. ROBOR 12M published at t-1: 7.25%
- maturity: 3 years

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

- number of company shares at grant date: 634,176,714
- dilution percentage from Stock Option Plan: 7.5%

The total value of the plan – equal to the Black-Scholes value (0.027) * number of company shares * dilution percentage = RON 2,806,232 – will be recognized as cost over the lifetime of the plan, i.e. over a period of 3 years, May 2023 – April 2026. In 2024, the Group recognized an expense with SOP 2023 in the amount of 935,411 ron (2023: 623,607 ron).

Details regarding the SOP expense registered in 2023-2024 are presented in the table below:

	31 Dec 2024	31 Dec 2023
SOP 2021	-	125,674
SOP 2022	108,098	324,295
SOP 2023	935,411	623,607
Total	**1,043,509**	**1,073,576**

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

NOTE 25. NON-CONTROLLING INTERESTS

Details regarding the non-controlling interests for the financial years 2023-2024 are presented in the following table:

Non-controlling interests	Dendrio Solutions	Elian & Kepler	Equatorial	IT Prepared	Nenos & Nonlinear	Top Tech & 2Net	Dataware	Fort & GRX-A & ISEC	Total
1 January 2023	**336,452**	**786,658**	**17,738**	**919,750**	**268,586**	**288,378**	**-**	**1,206,380**	**3,823,943**
Net profit	(593,098)	762,006	(2,891)	429,353	(117,942)	311,512	5,442,080	877,690	7,108,710
Dividends	-	-	-	(634,412)	-	-	(813,601)	(641,600)	(2,089,614)
Share capital increases	-	-	-	-	-	-	-	2,037,402	2,037,402
Business combinations	-	296,289					1,589,253		1,885,543
Acquisitions	-	-	-	-	-	-	(4,347,040)	30,156	(4,316,884)
31 december 2023	**(256,645)**	**1,844,954**	**14,847**	**714,691**	**150,644**	**599,890**	**1,870,691**	**3,510,027**	**8,449,099**
Net profit	1,043,889	635,370	(1,370)	490,014	89,459	368,210	771,053	388,356	3,784,979
Dividends	-	(326,086)	-	(427,683)	-	-	-	(414,984)	(1,168,753)
Share capital increases	4,997,572	1,573,964	-	-	-	-	-	-	6,571,537
Purchase of NCI	(4,459,456)	-	(13,476)	-	-	(780,721)	(2,073,308)		(7,326,961)
Disposal of subsidiary (note 17)	-	-	-	-	-	-	-	(3,483,398)	(3,483,398)
31 december 2024	**1,325,359**	**3,728,202**	**-**	**777,022**	**240,103**	**187,380**	**568,437**	**-**	**6,826,502**

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

	Dendrio Solutions		Elian&Kepler		Dataware		Fort	
	31-Dec-24	31-Dec-23	31-Dec-24	31-Dec-23	31-Dec-24	31-Dec-23	31-Dec-24	31-Dec-23
Non-current assets	87,434,258	60,802,704	9,592,342	7,667,963	6,906,246	6,523,743	4,312,845	4,718,151
Current assets	94,554,517	34,285,416	6,734,229	7,748,073	58,095,216	60,268,421	9,218,271	10,883,059
Non-current liabilities	16,125,604	26,499,631	2,117,983	1,800,504	2,110,068	1,709,495	833,245	949,755
Current liabilities	127,995,757	70,728,985	4,477,503	9,612,681	46,650,348	49,480,572	4,229,654	6,118,503
Revenue	166,843,686	89,618,223	25,442,375	19,023,453	95,993,487	120,935,974	14,911,381	16,442,991
Net profit	6,108,624	(4,946,605)	2,514,067	1,598,724	5,047,644	14,174,668	822,671	2,214,786

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

NOTE 26. BONDS

Details of bond issues are presented in the following table:

	31 Dec 2024	31 Dec 2023
BNET26E	9,715,173	9,689,651
BNET27A	4,928,204	4,899,486
BNET28	9,806,770	9,751,562
BNET28A	6,268,326	-
Accrued interest	167,365	47,458
Total, of which:	**30,885,839**	**24,388,157**
Long-term fraction	30,718,474	24,340,699
Short-term part (interest)	167,365	47,458

In 2016, 2017, 2018, 2022, 2023 and 2024, the Group carried out bond offerings maturing in 2019, 2022, 2023, 2026, 2027 and 2028, through which it raised "committed" financing of over RON 50 million from the capital market (all issues are listed on the BSE).

BNET26E

From December 21st to December 27th 2022, the issuer conducted a private placement offering of corporate bonds issue in euro, in which 20,596 bonds were subscribed by 53 individual, legal and professional investors. The amount raised in this bond financing round is EUR 1,961,144. The sale price within this offer, on the first day of the offer/subscription period was at a discount, respectively in 21.12.2022, the discounted price was 95% of the face value of the instrument, respectively 95 euros/bond. Thus, on the first day, a number of 18,334 bonds were subscribed, representing a subscription value of 1,741,730 euro. The sale price within the subscriptions made in the following days of the offer was 97% of the nominal/face value, respectively 97 euros/bond. Thus, between 22.12.2022 and 27.12.2022, a number of 2,262 bonds were subscribed, representing a subscription value of 219,414 euro. The face value of the BNET26E instrument is EUR 100/bond and the total nominal amount of the issue (that it will be reimbursed at maturity) is EUR 2,059,600.

The annual fixed interest is 9% per year and is paid quarterly via the T2S mechanism and the Central Depository. Repayment of the nominal amount is at 3.5 years from issuance date and will take place on June 30th 2026. BNET26E bonds are traded on the BSE Reregulated Market, category dedicated to corporate bonds, as at March 07th 2023.

The total issuance costs for this bond issue amounted to RON 735,718 and were registered at balance sheet level on the date of the bond issue, thereby decreasing the total debt value. The issuance costs are subsequently expensed throughout the tenor of the bond issue, increasing the total carrying amount of the bond debt.

BNET27A

During the period 30 May - 21 June 2023, Bittnet Systems carried out the first public offering of corporate bonds on the Bucharest Stock Exchange when it offered for sale a maximum number of 50,000 corporate bonds, unsecured, with a nominal value of 100 ron, each interested investor having the possibility to subscribe in the price range RON 96 – 104 per bond, i.e. between 96% and 104% of the nominal value of the instrument.

During the offer period, a total of 803 purchase orders were placed, with 71,814 bonds subscribed at the closing price of the offer of 100 ron, and 14,393 bonds subscribed at prices higher than the offer price. According to the Offer Prospectus, the allocation of shares in respect of accepted subscriptions (placed at the offer price and at higher prices) was made pro-rata, the allocation index being 0.5799993040. Purchase orders at prices lower than the issuence price were canceled.

The transaction date was June 24th, 2024, and the transaction settlement date was June 26th, 2024. Following the establishment of the closing price of the offer at 100 ron/bond, the BNET27A issue consists of a number of 50,000 bonds with a total nominal value of 5,000,000 ron, the Issuer raising through this capital market operation the amount of 5,000,000 ron.

The interest is fixed at 10% per year, payable quarterly through the Central Depository. The issuence maturity is on June 26th 2027. On 19 July 2023, BNET27A bonds started trading on the Regulated Market administered by the BSE.

The total issuance costs for this bond issue amounted to RON 114,873 and were registered at balance sheet level on the date of the bond issue, thereby decreasing the total debt value. The issuance costs are subsequently expensed throughout the tenor of the bond issue, increasing the total carrying amount of the bond debt.

BNET28

From 27 November to 12 December 2023, a maximum number of 100,000 corporate bonds, unsecured, with an individual nominal value of RON 100 and a total nominal value of RON 10,000,000 were put up for sale, with each interested investor having the possibility to subscribe in the price range of RON 94-106 per bond, i.e. between 94% and 106% of the nominal value.

A total of 530 subscription orders were placed during the offering period across all price levels of the range, totalling an aggregate volume of 185,602 bonds. Given the Issuer's setting of the issue price at the nominal value of the bond (RON 100) and in accordance with the Offering Circular, the volumes subscribed at prices above the issue price were fully settled at the issue price (RON 100). Thus the volume of 87,446 bonds represents the guaranteed allocation in the offering according to the Offering Circular. For the volume of bonds subscribed at the price of RON 100/bond (i.e. for 71,050 bonds) the allocation was made pro-rata, the allocation index being 0.1766924701, resulting in a volume of 12,554 bonds. Purchase orders priced below the issue price were not executed.

The transaction date was December 13th , 2024, and the transaction settlement date was December 15th, 2024. Following the establishment of the closing price of the offer at 100 ron/bond, the BNET28 issue consists of a number of 100,000 bonds with a total nominal value of 10,000,000 ron, the Issuer raising through this capital market operation the amount of 10,000,000 ron.

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

On February 02nd 2024, BNET28 bonds were admitted to trading on the Regulated Market administered by the BSE. The interest is fixed 9.6% per year, payable quarterly through Central Depository. The maturity of this bond issuance is June 15th 2028.

The total issuance costs for this bond issue amounted to RON 248,438 and were registered at balance sheet level on the date of the bond issue, thereby decreasing the total debt value. The issuance costs are subsequently expensed throughout the tenor of the bond issue, increasing the total carrying amount of the bond debt.

BNET28A

During the period: April 02nd – April 15th , 2024, a maximum number of 150,000 corporate bonds, unsecured, non-convertible with an individual face value of 100 ron were offered for sale, each interested investor having the opportunity to subscribe in the range price of: 94 ron – 106 ron per bond, respectively between 94% and 106% of the face value of the instrument, according to the Offering Prospectus.

During the offering period, 501 subscription orders were received across all price levels, totaling an aggregate volume of 111,025 bonds. Given the Issuer's setting of the issue price at 96 ron and in accordance with the Offering Prospectus, the volumes subscribed at prices higher than the issue price (i.e. at prices 97, 98, 99, 100, 101, 102, 103, 104, 105, 106 ron/bond), were fully settled at the issue price (96 ron) together with the subscriptions placed at the price of 96 ron/share. The purchase orders placed at prices lower than the issue price (95 and 94 ron/bond) were not executed.

The transaction date was April 16th , 2024, and the transaction settlement date was April 18th, 2024. Following the establishment of the closing price of the offer at 96 ron/bond, the BNET28A issue consists of a number of 66,249 bonds with a total nominal value of 6,624,900 ron, the Issuer raising through this capital market operation the amount of 6,359,904 lei, due to the discounted issue price at 96 ron/bond.

The BNET28A bonds bear a fixed interest of 9% per year, payable quarterly through the Central Depository system, with maturity being 4 years from issuance, respectively in April 2028. As of 23.05.2024, the BNET28A bonds are tradable on the regulated market administered by the Bucharest Stock Exchange.

The total issuance costs for this bond issue amounted to RON 427,889 and were registered at balance sheet level on the date of the bond issue, thereby decreasing the total debt value. The issuance costs are subsequently expensed throughout the tenor of the bond issue, increasing the total carrying amount of the bond debt.

NOTE 27. BANK LOANS

Details of the bank loans are shown in the following table:

in RON				31-Dec-24		31-Dec-23	
Secured bank loan	Currency	Nominal interest rate	Year of maturity	Amount granted	Carrying amount	Amount granted	Carrying amount
ProCredit long-term loan (DEND)	RON	ROBOR 6M+3%	2026	4,500,000	2,524,818	4,500,000	3,940,619
BT investment loan (DEND)	RON	ROBOR 3M+2.5%	2029	9,724,885	5,795,836	9,724,885	7,016,012
ProCredit investment loan (DEND)	RON	ROBOR 6M+2.5%	2030	10,000,000	8,241,818	10,000,000	9,381,614

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

BT short-term loan (DEND)	EUR	EURIBOR 6M+2.15%	2024	-	-	1,800,000	3,610,154
ING Credit line (DEND)	RON	ROBOR 1M+2.2%	2025	5,000,000	1,446,666	-	-
BRD IMM Invest/short-term (TT)	RON	ROBOR 3M+1.5%	2024	10,000,000	59,548	3,000,000	2,406,335
BT short-term loan (DTW)	RON	ROBOR 3M+2.75%	2025	15,000,000	9,082,867	17,000,000	-
Raiffeisen credit line (2NET)	RON	ROBOR 6M+2%	2025	2,500,000	1,347,667		905,351
Raiffeisen IMM Invest (2NET)	RON	ROBOR 6M+2%	2024	2,000,000	-		258,621
Total interest bearing liabilities					**28,499,222**		**27,518,706**
Long-term fraction					12,525,113		18,976,363
Short-term fraction					15,974,109		8,542,343

The bank lending structure of the Group 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 to finance its current activity, both in national currency and in euro, with the following financial institutions: ProCredit Bank, Banca Transilvania, BRD and ING Bank as well as several non-cash products for the issuance of various types of bank guarantee letters contracted from Procredit Bank and Banca Transilvania.

ProCredit Bank

In July 2023, Dendrio Solutions SRL signed the conversion of the revolving credit line of 4.5 million ron (contracted since 2019 from ProCredit Bank) into a loan with monthly repayments. Repayment will be made over a period of 36 months and the interest is: ROBOR6M+3%. At the same time, the cash collateral deposit for this product was released. Last installment will be in July 2026.

In May 2023, Dendrio Solutions contracted from ProCredit Bank, an investment loan in the amount of RON 10,000,000, for a period of 7 years, with monthly repayments of principal and interest for the purpose of acquiring the majority stake in Dataware Consulting SRL. The annual interest rate is ROBOR6M+2.50%. The guarantees provided are: mortgage on Dendrio Solutions accounts opened with ProCredit Bank, mortgage on the shares acquired by Dendrio Solutions (51.13% of Dataware), guarantee from Bittnet Systems SA as co-signer and as well as collateral cash deposit for the amount of RON 2,500,000.

In May 2023, Dendrio Solutions contracted a non-cash bank product from Procredit Bank in the maximum celling amount of RON 2,300,000. The validity period is 36 months. The product is intended for the issuance of various types of BGL (bank guarantee letters for participation in tender procedures; performance guarantee letters, etc.). Dendrio uses this product in order not to tie up its own cash in issuing BGL. This product was extended till a maximum ceilling of RON 3,300,00 in September 2024.

In October 2023 Top Tech SRL contracted a non-cash product from ProCredit Bank in the maximum amount of RON 1,400,000 for a period of 12 months with the possibility of extension. The facility is used in the current activity for the constitution of bank guarantees of participation in tender procedures or of good performance for commercial contracts requiring such instruments. Top Tech uses this product in order not to tie up its own cash in issuing BGLs.

Banca Transilvania (BTRL)

On 06.09.2022 Dendrio Solutions contracted an investment loan from Banca Transilvania in the maximum amount of 11,000,000 lei for the financing of 75% of the price of the transactions for the acquisition of shares of Top Tech SRL and 2NET Computer SRL. The investment loan has been contracted for a period of 7 years and is repayable in monthly 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 guarantees provided for this loan product are: mortgage on the Dendrio Solutions accounts opened with Banca Transilvania, mortgage on the shares acquired in the two companies, a guarantee from Bittnet Systems as co-signer. Dendrio Solutions made 2 drawdowns from this investment loan during 2022, after signing the closing documents with the selling shareholders of the two target companies, Top Tech and 2NET Computer, paying the consideration for the shares. The 2 drawdowns amounted to RON 9,724,885 and the repayment of the loan is made over a period of 7 years.

On 20.10.2022, Dendrio Solutions signed a credit agreement with Banca Transilvania in the form of revolving overdraft facility in the amount of EUR 1,800,000 for the financing of working capital. The maturity was initially set at 12 months with the possibility of extension and interest at EURIBOR 6M+2.15% per year. In October 2023, Dendrio Solutions made the decision to restructure the outstanding balance of the credit line at the time (around EUR 900,000) and converted it into a loan with 12 monthly installments. Last installment was paid in October 2024.

In December 2023, the extension and supplement of a loan product contracted by Dendrio Innovations (previously named Dataware Consulting) from Banca Transilvania was signed under the following conditions: Increase of the working capital financing product by RON 15,000,000, from RON 2,500,000 to RON 17,500,000. This banking product is used by Dataware for project financing needs. The guarantees are: mortgage on bank accounts opened with Banca Transilvania, assignment of receivables resulting from the financed contracts and guarantee from Dataware Consulting's majority shareholder, Dendrio Solutions. The interest rate for this product is ROBOR3M+2.75% applied to the actual balance drawn from the loan. The product is used on a revolving basis, through successive drawdowns, to provide the project pre-financing component - where applicable - for contracts with a long implementation cycle and involving the delivery of complex IT&C integration solutions. In December 2024, this ceilling was resized at 15,000,000 RON and prolonged for a period of 12 months.

Also in December 2023, Dendrio Innovations signed an addendum with Banca Transilvania for the additional amount of RON 3,000,000 as non-cash limit for issuing of bank letters of guarantee. The product is used in the current activity for the constitution of bank guarantees of participation in tender procedures or of good performance for commercial contracts requiring such security instruments. In December 2024, this non-cash ceilling was resized at 7,000,000 RON.

In October 2023 Dendrio Solutions contracted a non-cash product from Banca Transilvania in the maximum amount of RON 2,000,000 for a period of 12 months with the possibility of extension. The limit is used in the current activity for the constitution of bank guarantees of participation in tender procedures or of good performance for commercial contracts requiring such instruments. In December 2024, this non-cash ceilling was resized at 7,000,000 RON.

In October 2023 Top Tech contracted a non-cash product from Banca Transilvania in the maximum amount of RON 3,000,000 for a period of 12 months with the possibility of extension. The limit is used in the current activity for the constitution of bank guarantees of participation in tender procedures or of good performance for commercial contracts requiring such instruments. This ceilling was prolonged untill December 2025.

OTP Bank

In July 2023 the addendum for the extension of the revolving overdraft credit product for working capital financing between Dataware Consulting and OTP Bank was signed. The total amount of the facility is RON 1,500,000, the maturity is 12 months and the interest rate is ROBOR3M +2.5%. In July 2024, this credit line was closed.

Unicredit Bank

In February 2023 Elian Solutions signed the addendum to extend and supplement the loan product - revolving overdraft for working capital financing - contracted with Unicredit Bank. The agreement was extended for a period of 12 months and the amount was increased from 800,000 lei to 1,600,000 lei under the same conditions as the additional extension agreement signed in 2022, namely: interest rate: ROBOR3M+3%; maturity of the facility: February 2024; use of proceeds: to finance working capital and current activity. The structure of the guarantees consists of a mortgage on the accounts of Elian Solutions SRL opened with Unicredit Bank, assignment of receivables and corporate guarantee letter issued by the majority shareholder Bittnet Systems SA. This product has been succcesively extended for a period of 12 months, the current maturity being February 2026.

Raiffeisen Bank

In August 2020, Equatorial Gaming contracted a credit facility from Raiffeisen Bank through the government's program 'IMM Invest' in the total amount of RON 495,000. The interest rate of the loan is ROBOR3M+2.5% per year and the maturity is 36 months. The last instalment was paid in August 2023.

In November 2023 the addendum of extension of the credit facility that 2Net Computer had contracted with Raiffeisen Bank was signed. The new maturity is 12 months. The extension was made under the same conditions as the original agreement. The amount of the facility is RON 2,500,000 and is intended to finance the working capital and the current activity of the borrower. In October 2024 this credit line was closed.

BRD

In August 2024 Dendrio Technology (previously named TopTech) supplemented the revolving-overdraft ceilling from BRD - Groupe Societe Generale, from RON 6 million up to a maximum amount of 10,000,000 RON. The credit product can be used both for cash and non-cash withdrawals in order to finance the working capital and current activity and to issue letters of bank guarantee. The lending and guarantee conditions remained unchanged, the period of use is 12 months with the possibility of extension and the interest rate is ROBOR 3M+1.5% per year, calculated on the balance used from the loan.

ING Bank

In October 2024, the Issuer informed about the signing of a credit agreement by Dendrio Solutions with ING Bank N.V. Amsterdam – Bucharest Branch. The agreement involves a revolving-overdraft credit line for working capital and current activity in the maximum amount of RON 5,000,000. The guarantees for this overdraft are constituted by Dendrio Solutions – general assignment of receivables and mortgage on the accounts opened by Dendrio Solutions at ING Bank. The interest rate for this product is ROBOR1M+2.2% per year.

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

NOTE 28. LEASING LIABILITIES

The Group has concluded a long-term rental contract for the existing headquarter with final term May 2029 and long-term operational leasing contracts for technical equipment with final terms in 2025-2027.

	31 Dec 2024	31 Dec 2023
Short-term fraction	6,422,410	6,419,839
Long-term fraction	17,479,202	19,184,756
Total	**23,901,612**	**25,604,595**

The reconciliation of lease liabilities and rights of use recognised as a result of the application of IFRS 16 is presented in the following tables:

Leasing liabilities	Spaces	Equipment	Cars	Total
On 1 January 2023	18,934,297	3,493,409	1,556,547	23,984,253
Additions	2,402,676	2,096,172	2,891,091	7,389,939
Cancellations	-	-	(70,653)	(70,653)
Interest	1,225,835	320,252	151,886	1,697,973
Exchange rate differences	(121,854)	(30,739)	(12,450)	(165,043)
Leasing payments	(4,183,871)	(1,771,564)	(1,276,438)	(7,231,873)
On 31 December 2023	18,257,083	4,107,530	3,239,983	25,604,596
Additions	3,789,003	863,056	2,141,885	6,793,944
Cancellations	(1,368,994)	(58,292)	(72,390)	(1,499,675)
Interest	934,273	191,839	195,384	1,321,496
Exchange rate differences	(2,111)	19,107	18,182	35,178
Leasing payments	(4,614,345)	(2,099,278)	(1,640,304)	(8,353,927)
On 31 December 2024	16,994,909	3,023,963	3,882,741	23,901,612

Rights of use	Spaces	Equipment	Cars	Total
On 1 January 2023	18,542,440	3,427,582	1,228,867	23,198,889
Additions	2,402,676	2,096,173	2,319,100	6,817,949
Cancellations		-	(68,962)	(68,962)
Amortization	(3,503,725)	(1,561,105)	(755,959)	(5,820,788)
On 31 December 2023	17,441,392	3,962,650	2,723,046	24,127,088
Additions	3,789,003	863,056	1,891,446	6,543,505
Cancellations	(1,268,595)	(54,508)	(30,683)	(1,353,786)
Amortization	(3,910,958)	(1,897,388)	(1,095,839)	(6,904,185)
On 31 December 2024	16,050,841	2,873,811	3,487,970	22,412,622

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

NOTE 29. TRADE LIABILITIES AND OTHER LIABILITIES

Trade and other liabilities are detailed in the following table:

	31 Dec 2024	31 Dec 2023
Trade liabilities		
Supplier liabilities	136,778,390	95,460,369
Other liabilities		
Employee debts	3,271,970	3,494,169
Other liabilities	219,900	234,451
Debts for the purchase of shares *(Note 16)*	5,000,000	17,545,407
Advances to customers	9,947	3,902
VAT	6,090,617	3,467,892
Other budget liabilities	1,666,150	1,672,742
Total other liabilities, of which:	**16,258,583**	**26,418,563**
Long-term debt (acquisition of shareholdings)	-	5,000,000
Current debts	16,258,583	21,418,563

Contract liabilities

If the selling price of a contract includes a separate, contractually specified amount for the subsequent provision of services (as in the case of revenue from the sale of producer guarantee services or vendor warranties), that amount is deferred (account 472 "Contract liabilities") and recognised as revenue during the period in which the services are rendered, but no later than the end of the period for which the subsequent provision of services was contracted. Conversely, the related expenses are deferred (account 471, "Work in progress") and recognised in the same period in which the services are rendered.

	31 Dec 2024	31 Dec 2023
Contract liabilities	19,038,100	7,878,495

Provisions

Provisions are mainly composed of: provision for litigation Bucharest Mall & Development RON 105,831; provision for Fraher litigation 186,137 lei; penalties for EES Dataware project RON 972,570 (2023: provision for litigation Bucharest Mall & Development RON 105,831; provision for Fraher litigation 186,137 lei; penalties for EES Dataware project RON 1,139,237).

	31 Dec 2024	31 Dec 2023
Provisions	1,264,538	1,431,205

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

NOTE 30. INFORMATION ON RELATIONS WITH RELATED PARTIES

Details of balances and transactions with related parties are provided below.

Remuneration paid to Key Management (identified in Note 1) is as follows:

	2024	2023
Management contracts	3,886,775	2,836,799
SOP expenditure	967,840	733,463
Total	4,854,615	3,570,262

As at 31 December 2024 the liabilities related to management contracts are in the amount of 354,143 LEI (31 December 2023: RON 210,844).

Receivables and loans	31 Dec 2024	31 Dec 2023
Impetum Investments - loan	5,150,000	-
Impetum Investments - interest	1,693	-
E-Learning Company - loan	450,000	600,000
E-Learning Company - interest	16,273	37,438
Total	5,617,966	637,438

For the last tranche of the sale of Fort SA, Bittnet Sytems granted a loan to Impetum Investments, the counterparty in the transaction, in the amount of 5,150,000 lei, a loan granted for a period of 6 months and with an interest rate of 6% per year (see Note 16).

The loan to The E-Learning Company was granted to finance working capital for a period of 1 year and at an interest rate of 10% per annum.

NOTE 31. CONTINGENT LIABILITIES

a) 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.

b) Bank guarantee letters

As of December 31, 2024, the Group had issued bank guarantee letters in the amount of EUR 195,726 (good payment SGB issued by Bittnet Systems in favor of One Controceni Park) and RON 12,530,833.90 (bid bonds and performance bonds for comercial contracts, issued by Dendrio Solutions – 5,349,453.91 RON, Dataware Consulting – 4,338,790.51 RON and Top Tech – 2,842,589.58 RON). All guarantees are issued from non-cash ceilings.

As of December 31, 2023, the Group had issued bank guarantee letters in the amount of EUR 195,726 (payment bond issued by Bittnet Systems in favor of One Controceni Park) and RON 6,283,231 respectively (bid bonds and performance bonds for comercial contracts, issued by Dendrio Solutions – 1,929,955 RON, Dataware Consulting – 2,602,012 RON and Top Tech – 1,751,264 RON, respectively) All the guarantee letters are issued form non-cash facilities contracted from ProCredit Bank, BRD and Banca Transilvania.

c) 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 București Mall Development and Management S.R.L.

During 2021, the Group became aware of the existence of case 30598/3/2021 on the Bucharest Court's docket, in contradiction with the owner of the former office space - București Mall Development and Management S.R.L. ("Anchor" or "the Owner").

During February 2022, the Group (or "Tenant") became aware of the contents of this file and the amount of the claims, as follows:

i) RON 267,214.96 representing rent, service charge 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 (penalty clause).

On 04.08.2023 the court ruled on the case. The solution in brief: "Admit in part the application as specified. Orders the defendant to pay the plaintiff the amount of RON 102,627.51 by way of late payment penalties. Dismisses the other claims as unfounded. Orders the defendant to pay to the plaintiff the sum of EUR 3 203.92 by way of costs. Appeal within 30 days of service. The appeal shall be lodged with the Bucharest Court - Civil Division VI.

On 04 November 2024, the decision was communicated to the parties, with the right to appeal within 30 days of communication. The plaintiff filed an appeal request registered on 09 December 2024, which is the subject of file no. 30598/3/2021 (250/2025) pending before the Bucharest Court of Appeal, 5th Civil Section. The appeal request has been comunicated on 24.02.2025 and the Group filled a counterstatement on 10.03.2025. The Court will establish the first date of the trial.

The Group has recorded a provision in the amount of 105,831.42 lei in the financial statements as at 31.12.2023, being the best estimate for the cash outflows following this dispute.

File 30598/3/2021 – dispute Fraher Distribution

By application registered at the Court of Tulcea - Civil, Administrative and Fiscal Division on June 4th, 2020 under no. 665/88/2020, the plaintiff FRAHER DISTRIBUTION S.R.L., in adversarial proceedings against the defendant ELIAN SOLUTIONS S.R.L., requested to declare the termination of Contract no. 201/29.12.2017, with the consequence of putting the parties back in the previous situation, by the repayment by the defendant of the amount of RON 541,490.08; to declare the termination of Contract no. 202/29.12.2017, with the consequence of putting the parties back in the previous situation, by the repayment by the defendant of the amount of RON 344,886.00 and order the defendant to pay the contractual penalties for late payment, as well as the amount of RON 129,103.38 by way of damages; declare that Contract No 240/21.03.2019 has been terminated and order the defendant to pay the amount of RON 33,868.59 by way of damages; order the defendant to pay the costs.

On 14.02.2024, the Bucharest Court of Appeal by Judgment No. 251/2024 admitted the appeal as follows:

- Partially reverses the judgment under appeal in that it orders the termination in part of contract No 201/29.12.2017 and orders the defendant to pay to the appellant-plaintiff the amount of RON 186,137.

- Admits the request of the forensic expert and order an increase in his fee of RON 5,000. Orders the appellant-plaintiff to pay the expert's fee of RON 5,000.

- Forces the respondent to pay the amount of RON 15,925 as court costs to the appellant-plaintiff, of which the amount of RON 5,000 under the condition of proof by the appellant-plaintiff of paying the increased fee of the forensic expert.

- The appellant-plaintiff is ordered to pay the amount of RON 5,672 as court costs to the respondent-defendant. Partially compensates the court costs up to the amount of RON 5,672.

- Subject to appeal within 30 days of communication. The application for exercising the right of appeal is submitted to the Bucharest Court of Appeal, Civil Section VI.

The Court judgment has been communicated to the parties on 10.03.2025, with a 30 day term for filling of an appeal by any of the parties..

The Group has recorded a provision in the amount of 186.137 lei in the financial statements as at 31.12.2023, being the best estimate for the cash outflows following this dispute.

File 19985/3/2024 – litigation General Inspectorate of Border Police

During June 2024, the Group became aware of the existence of file 19985/3/2024 pending at the Bucharest Court, Administrative and Fiscal Litigation Section, in opposition to the General Inspectorate of the Border Police ("IGPF"), as follows:

Subject: litigation regarding public procurement.

Plaintiff: General Inspectorate of the Border Police ("IGPF")

Defendant: The association formed by Dataware Consulting SRL - leader ("Dataware") and Idemia Identity & Security France ("Idemia").

Details of the action are given below:

The action in court was brought regarding the Contract for public purchase of products no. 281/2021, for:

(i) payment of penalties in the amount of 4,296,351.84 lei; and
(ii) the repair of the alleged damage in the amount of 4,844,605 lei, consisting in the loss of non-refundable external financing as a result of the non-delivery of 409 mobile EES control devices;

At the first term of 21.08.2024 in the file 19985/3/2024 (subject to the payment of penalties in the amount of 4,296,351.84 lei and the repair of the alleged damage in the amount of 4,844,605 lei), to which the file 22473/3 was also connected /2024 (subject to canceling the termination of the contract no. 281/2021 with the IGPF), the court adjourned the case at the request of Idemia, who requested the introduction and communication of the IGPF action, in order to formulate an appearance. The next set deadline was 04.10.2024, when the court postponed the trial in order to take note of the documents submitted to the file.

On the court terms of 15.11.2024 and 21.11.2024, the court postponed the ruling. On the deadline of 29.11.2024, the court admitted the exception of the lateness of the counterclaim filed by Border Police (IGPF) in the related file (no. 22473/3/2024) and found that the Border Police is deprived of the right to file the counterclaim; also, the court rejected the exception of the substantive right to action invoked by Border Police by responding to the related claim (appeal together with the merits). On the court terms of 06.12.2024 and 07.02.2025, the case was postponed due to the lack of an expert report. The next court meeting fort this trial is 11.04.2025.

Considering the current stage of the procedure as of the date of this report (March 2025) and the complexity of the evidence, the Group Management does not consider an outflow of economic resources probable, therefore no provision was recorded in the financial statements.

Competition Council investigation of the Romanian IT market

On 05.06.2024 Bittnet Systems SA informed investors about the launch of an investigation by the Competition Council regarding possible anti-competitive practices committed by participants in the IT market in Romania. The companies Dendrio Solutions SRL (Dendrio) and Dataware Consulting SRL -

currently called Dendrio Innovations SRL (Dataware) - companies part of the Bittnet group, are also involved in the investigation.

After the unannounced inspection carried out between July 4-5, 2024 at the headquarters of the Dendrio and Dataware companies, each of the companies submitted their point of view regarding the confidential information contained in the documents raised by the competition inspectors, and this point of view represents a standard stage in within the investigation procedure.

Thus, until the date of this report, no investigation report or an official position of the Competition Council has been communicated to Dendrio or Dataware, the competition authority still being in an early phase of analyzing the information selected during the unannounced inspections. In the absence of an official position issued by the competition authority in the form of an investigation report, there is no presumption regarding a potential violation of the competition rule.

Usually, the Competition Council's investigations are of longer duration (on average between 2 and 4 years, depending on the number of parties involved and the volume of information that needs to be processed by the investigation team), so the investigation team's analysis is not expected to be completed earlier than the end of 2025.

d) 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 direct 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 32. SIGNIFICANT ACCOUNTING POLICIES

The main accounting policies adopted when drawing up the consolidated financial statements are presented below.

a) Basis 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 the acquisition method. In the statement of financial position, the assets, liabilities and contingent liabilities of the purchasing 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 significant influence (but not control) over 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 associate'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 assets, liabilities and contingent 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 acts on its own behalf when it is a party that controls a good or service before it is transferred to a customer, in which case it should recognize all revenue invoiced to customers and the cost of goods resold to customers. In contrast, an intermediary merely arranges for the provision of goods or services by another party, without exercising control over those goods or services before their transfer to a customer, in which case it should recognize as revenue only the margin earned on such transactions.

The Group recognizes revenues in an amount that reflects the consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to the customer.

The Group is engaged in the sale of licenses and broadly defined IT services, and distinguishes the following types of revenues:

- revenues from training services,
- revenues from the sale of third-party licenses and services, and sale of goods.

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 service 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.

Income is recognised at a specific point in time, on completion of the training following fulfilment of the performance obligation.

IT solutions integration services, goods and licenses

The IT solutions provided by the Group include: general consulting services, IT assessment services, complex infrastructure implementation services (including the provision of goods and licenses), migration services, maintenance and support services, warranty services, infrastructure optimization services. The integrator business involves offering solutions and services from the initial analysis, design, implementation and testing phase resulting in turnkey projects for companies with different IT needs.

Revenue from services rendered is recognised in the period in which they are rendered and in line with the stage of completion. The provision of services includes the execution of works and any other operations that cannot be considered as the delivery of goods.

The stage of completion of the work is determined on the basis of the statement of work accompanying the invoices, acceptance reports or other documents proving the stage of completion and acceptance of the services rendered.

If the selling price includes a separate, contractually specified amount for the subsequent provision of services (as in the case of revenue from the sale of producer guarantee services), that amount is deferred (account 472 “Contract liabilities”) and recognised as revenue during the period in which the services are rendered, but no later than the end of the period for which the subsequent provision of services was contracted. Conversely, the related expenses are deferred (account 471, “Contract assets”) and recognised in the same period in which the services are rendered.

The Group recognises a percentage of receivables, depending on the specifics of each project, as guarantees, to be received when the projects are finalized. No provision for guarantees is recognized as the Group does not have any history of faults or any other issues, with past projects.

Revenue from the sale of goods and licences is recognised when the customer obtains control of the assets transferred. The Group sells goods and licenses within complex IT infrastructure solutions (such as: data networks, block & file storage, storage area network, disaster recovery and business continuity solutions, forensic software and communications security solutions, data processing, physical security systems) from vendors with which it has partnerships at the highest standards, such as Fujitsu, Cisco, Brocade, Dell, HP, Xerox or Microsoft, Google, Amazon Web 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 or services 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.

If the selling price includes a separate, contractually specified amount for the subsequent provision of services (as in the case of revenue from the sale of producer guarantee services), that amount is deferred (account 472 “Contract liabilities”) and recognised as revenue during the period in which the services are rendered, but no later than the end of the period for which the subsequent provision of services was contracted. Conversely, the related expenses are deferred (account 471, “Contract assets”) and recognised in the same period in which the services are rendered.

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 judgements 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) Subsidies

Grants are recognised when there is sufficient certainty that the Group will comply with the conditions of the grant and the grant will be received.

Grants for assets, including non-monetary grants at fair value, are recorded in the accounts as investment grants and they shall be recognised in the balance sheet as deferred income. Deferred income shall be recognised in the profit and loss account as depreciation expense is recognised or on the disposal of assets.

Grants that compensate the Group for expenses incurred shall be recognised in the income statement on a systematic basis in the same periods in which expenses are recognised and are presented in the income statement as items of operating income.

g) Impairment of non-financial assets (excluding inventories, real estate investments and deferred taxes)

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, except that a recognized impairment loss on goodwill is not reversed.

h) 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 foreign currency monetary assets and liabilities shall be recognized immediately in profit or loss.

i) 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. Except for trade receivables without a significant financing component, which are initially recongnised based on the IFRS 15 transaction price, financial assets (other than those at FVTPL) 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 provision 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.

Claims impairment adjustments with related parties and loans to related parties are recognized on the basis of a general 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 form 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.

j) 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.

k) 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 vesting period of the option. Non-market-based service conditions of entry shall be taken into account by adjusting the number of equity instruments expected to 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 vest. 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.

l) 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.

The Group aqpplies the following exceptions and does not account for the following as leases under IFRS 16:

- 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 analysed all leasing contracts for the rental of equipment and premises where operates.

The Group recognized the rights to use of the leasing assets and liabilities as follows:

Rights of use	Leasing liabilities

Assets from rights of use are measured at an amount equal to the leasing liability, adjusted by the value of any amounts paid in advance, initial direct costs incurred or pre-empted.	Measured at the present value of the lease payments, discounted using rate implicit in the lease or, if not readily determinable, the Company's Incremental borrowing rate. The Incremental borrowing 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.

m) 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, with the exception of the brands which are tested annually for impairment.

n) 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 and subsequently at cost less accumulated depreciation and impairment, if any.

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.

o) 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.

p) Provisions

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.

q) 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.

r) 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;
- 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 33. RUSSIA - UKRAINE CONFLICT

I. 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 they have suppliers and customers, investments and creditors, with operations on the territory of these countries). Also, the sanctions imposed on the Russian government, Russian entities and Russian persons in many jurisdictions could affect societies, such as through the loss of access to financial resources and trade, but also through the collateral effects of the sanctions on global prices (e.g. oil, natural gas and other products derived from oil). The effects of the conflict are large-scale and rapidly evolving. Companies that do not have operations in Russia and Ukraine could still be affected by the conflict, the 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 (e.g. 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 goods, including oil, natural gas, other products derived from oil and minerals, but also volatility in exchange rates.

Based on the information available up to this moment, the Company'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 Company to third parties affected by the sanctions imposed since the initiation of the conflict (customers, suppliers, banking institutions with which the Company collaborates, which have been directly affected by the sanctions) does not exist. The indirect exposure (customers, suppliers with whom the Company collaborates, with links with third parties affected by sanctions, as well as risks related to the future volatility of commodity prices or currency exchange rates) is unquantifiable, the Company's Management not having received until this moment any sign of regarding any significant impact on the Company's activity.

NOTE 34. SUBSEQUENT EVENTS

I. Name change from Kepler Management Systems to Elian Development Systems

As part of the process of simplifying the Group structure, Kepler Management Systems went through a rebranding process and changed its trade name, thus becoming Elian Development Systems. The name change was registered in the Trade Register in February 2025. In 2024, following the same strategy of unification and restructuring of the companies within the group, Elian Solutions became the sole shareholder of Elian Development Systems, holding 100% of the shares and voting rights.

II. Name change from Equatorial Gaming to Bittnet Training

As part of the process of simplifying the Group structure and brand integration, Equatorial Gaming, part of the Education pillar of the group, went through a rebranding process and changed its trade name, thus becoming Bittnet Training. The name change was registered in the Trade Register in March 2025.

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

NOTE 35. RESTATEMENT OF OPENING BALANCES

During 2023, the Group acquired Dataware Consulting in two stages. In May 2023, the Group acquired a 70% stake in Dataware Consulting for a total consideration of RON 19,859,495. As part of this transaction, goodwill of RON 16,961,891 was recognized. Remaining 30% of Dataware shares were subsequently purchased for a consideration of RON 15 million.

Nature of the Error

Under IFRS 3 "Business Combinations," the subsequent acquisition of a non-controlling interest should be accounted for as an equity transaction and should not result in the recognition of additional goodwill. However, in December 2023, the Group erroneously recognized additional goodwill of RON 10,319,371 on acquiring the remaining 30% interest.

Restatement Adjustments

To correct this error, the following adjustments have been made to the comparative information (31 December 2023):

- The additional goodwill of RON 10,319,371 recorded in December 2023 has been eliminated.
- Consequently, the consolidated goodwill balance relating to the Dataware Consulting acquisition has been restated to RON 16,961,891 —the amount originally recognized at the time of the initial 70% acquisition.
- The corresponding adjustment has been recognized as a prior period adjustment, with a reduction to Other equity items for the comparative period ending 31 December 2023.

The financial statements from page [3] to page [103] were approved and signed on 28 March 2025.

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