bittnet group

Transcript of the Conference Call Half-Year Financial Results H1 2026 for Bittnet Group

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ML Mihai Logofătu

Good morning! Welcome to the conference call dedicated to Bittnet's half-year results for the first half of 2026, in which we will review some of the most important events of this period.

First of all, these results relate to the consolidation perimeter on a comparable basis (H1 2026 vs H1 2025), and this concerns the business activity as continuing operations, therefore excluding the impact of Elian's results, a company we no longer consolidate as of 1 July 2026: our revenues recorded in the first half amount to 126 million lei, an increase of 41% compared with the same period last year.

At gross margin level: this is reflected in a percentage increase higher than that of revenues, of 49% in gross margin. As a result of these positive developments, the operating loss is much improved compared with the same period last year, at -1.19 million lei versus -17 million lei in the comparable period.

At the same time, the cost optimisation programmes we implemented over the past 12 months contributed to this period, and their results can be seen today. In the beginning, the impact of these reductions was insignificant in the previous reporting periods, in 2025, but as time passed and these effects grew, we see that they contributed to this improved situation in terms of operating profit.

The indicators we have been discussing lead to a net profit of 8.5 million, which is also positively influenced by the profit from the company sale transactions: the sale of the shares in Elian Solutions (together with its subsidiary Elian Development Systems).

Alongside, you can see a graphical illustration of the main indicators we track on a comparative basis and the evolution of these indicators. The four major indicators: consolidated turnover, gross margin, EBITDA and operating profit. Once again, the values reported for both periods are comparable, meaning that they represent the result of continuing operations without the impact of Elian's results, a company that was deconsolidated from both the 2026 figures and the 2025 figures.

The breakdown of these values in our reporting system, starting with revenues: in the services area we see a significant increase, a doubling, in services during this period, to which the Education division contributed a great deal. Bittnet Training recorded the best start to a year in its entire history, essentially exceeding in the first half of the year the entire turnover of the previous year, as well as that of any other year in its history, thanks to the outcome of significant public-sector projects financed under the NRRP (PNRR) programme. At the same time, the effectiveness of the cost reduction programmes can be seen in the positive developments in expense reduction compared with the previous period, at all levels, both in salary costs and in administrative costs, which leads, as I said earlier, to a significant improvement in operating profit.

For the first part of this year, the essential contribution came from the Education pillar, but also from the other two divisions that remain part of the Group's current structure, namely both Dendrio, our digital infrastructure pillar, and Nenos, which has remained the only brand in the platforms and software pillar.

The annual budget estimates (BVC 2026) for the current year have been updated, setting Elian aside. We kept the same structure and the budget approved by the General Meeting of Shareholders in the spring of this year, and without Elian's contribution, the results for the year would be those you see in the right-hand column.

Today, following the changes brought about by the transactions of recent years, our Group consists of three major brands, each representing a division and a business pillar/vertical of the Group. The largest part is digital infrastructure (Dendrio), where we deliver complex projects for critical infrastructure, data centres, communications and cybersecurity solutions, and more recently infrastructure serving data centres for AI.

In the Education area: the activity our Group started from 20 years ago, and which today delivers complex IT education and transformation projects addressing the various current technologies. Very importantly, we have the cybersecurity area, which as you can see is becoming increasingly important, correlated with the data area that underpins any AI project.

In the area of digital product platforms, the software development company based on modern technologies, including AI agents, and which also incorporates a few small products, is Nenos Software.

Also, all the companies recorded a positive operational performance in the first part of this year. I say this in a context where the market has not changed very much since last year: the same political and economic instability at national level, which generates a great many delays in the public sector and in projects financed with public or European funds, something that is also felt in the private sector, where we see delays in decisions and postponements of decisions on the part of private-sector clients until the situation becomes clearer. The results are broken down by pillar, and in each business pillar you can see this difficult economic environment we are going through, a message we have conveyed previously as well.

In particular with regard to Dendrio, being the largest company and the one that directly influences the results of the entire Group. In terms of the level of services sold we see stability, but one that led to a 20% increase in gross margin in the reporting period. We also see a reduction in selling and distribution expenses as well as in administrative (indirect) expenses, which leads to a significant improvement in the operating profit indicator.

The specific nature of our projects at Dendrio is heavily focused on the public area, and here the sales cycles are longer. At present they are also being delayed by political/governmental instability, by what we see at the border and beyond. There are two ongoing wars that are impacting and disrupting the distribution/supply/transport chains from Asia to Europe, a phenomenon that has intensified recently. And this affects us too in the delivery of IT infrastructure equipment. In addition, the prolonged semiconductor crisis continues to cause delays in project delivery.

(Moving to the next slide) The results in the Education area: I repeat, the best year in the company's history. Two years ago, our investors were raising questions about the relevance of this division; however, after a long and very important consistent journey, we had 2023, which was a year in which the division recorded a significant loss. It took more than a year to restructure and reposition this division, and in 2024 things returned to positive territory. 2025 brought a good, growing result, and 2026 is an exceptional result based on projects from all areas (public and private), but with a significant and remarkable contribution from the public sector and from projects financed under the NRRP (PNRR).
The themes we have been addressing more and more often in recent years are related to AI and Security.

In the area of digital products and software we have Nenos, which joined our Group more than four years ago. The figures were small and perhaps insignificant in the past, but today it is a company that incorporates advanced technologies and projects based on modern technologies such as AI agents, at the intersection of the services made available by the major providers such as Amazon Web Services. Over the past year, starting in 2025, we accelerated the development of Nenos. We put more resources into this area. The results are already visible during 2026, when we have a positive evolution and a very good result in H1, with growing operating profit and an 80% increase in turnover.

At present, in the Nenos area, beyond the growing partnership with Amazon Web Services, we are in the process of being certified in the partner channel of the most highly regarded provider in this area of business, namely Anthropic, and we expect that over the next 6 to 12 months, as a result of these measures and business decisions, the trajectory will be positive. The company continues to be a growth company, and the weight of recurring services and recurring revenues is based on a higher share of services within recurring revenues.

These are our results for the first half. It is also worth mentioning for the first half of 2026 that Bittnet repaid its sixth bond issue, BNET26E, on time and without any delayed coupon. At the same time, in the period immediately following, after receiving the approvals from the ASF, we carried out our second euro-denominated bond issue, BNET31E, with an annual interest rate of 10.6% paid in the form of two semi-annual coupons, and it represents the largest bond issue carried out by Bittnet.

Following the completion of the negotiations and of the transaction concerning the company's shares, the Elian transaction, which generated an IRR of over 40% for our investors, and also as a result of the Optimizor and Softbinator sales, we will carry out a share buyback programme for

capital reduction. In recent weeks we submitted the documentation to the Financial Supervisory Authority in order to add a new buyback programme through a public offer of up to 142 million shares, which represents approximately 22% of total shares. What I want to say is that the sources of funds obtained from the sale of some Group companies (Elian, Optimizor, Softbinator), 25 million lei, represent the size of the buyback programme we are putting before shareholders, honouring the commitments and statements we have made over the past year and a half, confirmed at the GMS of October 2025 and April 2026.

These buyback programmes following the monetisation of assets make sense as long as we consider that the parts making up Bittnet Group are significantly undervalued relative to the Group's valuation, by approximately three times.

Going forward, for the second part of the year, we will accelerate operational cost optimisation efforts; these things will become visible gradually, correlated with the efforts to deliver higher value-added projects, and we will come before our shareholders with further buyback programmes. If there are any questions, we are at your disposal.

Lucian Bratu
There are none, we don't have any.

ML Mihai Logofătu
Nothing on the chat either?

Lucian Bratu
No.

ML Mihai Logofătu
Thank you for your time. This conference call has been recorded and remains available to investors, both on our website and on the issuer's dedicated page on the Bucharest Stock Exchange.
Thank you!