

Information for shareholders regarding the effects of Coronavirus, Bittnet group

As a result of the [FSA address of March 12th 2020](#), BITTNET SYSTEMS S.A. (hereinafter referred to as the "Issuer" or "Bittnet Group"), informs investors about:

1. The measures taken regarding the response to the coronavirus pandemic
2. Impact analysis of the situation on the group's business
3. Events scheduled with shareholders for April 2020

Actions taken regarding the response to the coronavirus pandemic

The plan of measures implemented by the Bittnet group can be found [HERE](#).

From 2 weeks ago, using the tech solutions from Dendrio portfolio, approximately 90% of the Bittnet group team (which includes Bittnet Training, Equatorial, Dendrio and Elian) work from home, without significant interruptions in daily activities.

This measure was taken for an indefinite period. If it is necessary for the entire team to work from home, the Issuer does not foresee any significant administrative problems in its daily activity, and the work program will continue under these conditions as close to the usual program.

The impact on business

Regarding the potential impact of the pandemic on the group's business, we inform the following:

1. In the first quarter (Q1 2020) **we do not expect to have a significant impact on the training activity.** Between January 1st and March 15th, 2020 we have delivered a number of 75 training classes, versus 59 in Q1 2019. For the following period ("end of Q1" + "Q2 2020") at this moment, we have programmed a number of 93 classes versus 113 delivered in the entire H1 2019. Of these, about **70% have already been migrated to the remote (virtual) delivery option.**
2. Of the classes previously agreed to be delivered in Q2 2020, a number of 13 classes could not be migrated to virtual delivery and were postponed beyond June 30, 2020.
3. Until this moment, we received 3 cancellation projects motivated by the clients with "uncertainties related to the evolution of the economic sector in which they operate". Those clients operate the most affected industries (travel, hospitality, restaurants)
4. Regarding the sales activity, we offer the following information from the sales management system (CRM). We mention that we do not offer a forecast regarding the financial results¹ (income or profitability), only the information from the CRM system. Between the moment of winning a project and the moment of delivery and invoicing, various operational-logistical time periods must pass. This means that the amount of deliveries (and therefore of the invoices issued) for a fiscal period, will be less than the sum of the projects won during that period. On the other hand, the winning projects are delivered and invoiced at one time.
 - a. In Q1 2020 we have 780 projects won or in final stages of negotiation of the contractual forms, with a total value of over RON 30 million, versus RON 20 million in Q1 2019.

¹ The forecast policy is available at <https://investors.bittnet.ro/company-policies/>

- b. For H1 2020, already at this moment, we have 925 projects won or in advanced stages of negotiation, with an estimated value of over RON 45 million, compared to 2019 when we had 960 projects, totaling RON 32 million in revenues.

At this moment we don't have an estimate of the effects of the newly declared state of emergency or the extension of the pandemic on business beyond June 2020. From the Issuer's point of view, we have the ability to deliver all agreed projects within the established deadlines.

On the other hand, obviously, the prolongation of a state of crisis, or the modification through decisions adopted as a result of the state of emergency of our possibilities to make our deliveries (**such as applying restrictions on any deliveries of non-goods commodities**), or modifying the possibility of the clients' reception of the contracted solutions (**such as closing the access within offices, buildings, etc.**), have the potential to significantly influence the financial results (by the impossibility of executing the contracts due to major force).

As a principle, we estimate that deliveries of tech solutions and services that can be performed remotely will continue, while deliveries of solutions that require physical contact with customers could be delayed. Also, there is the possibility that some hardware products may be delayed in delivery by the manufacturers, which would also generate in our case delays in delivery and therefore in invoicing. It is not excluded the possibility that the measures adopted by the government will generate the blocking of the economic activity, the clients will modify their options, or reduce their budgets, both for H1 2020 but, more likely, for H2 2020.

We operate with two basic scenarios: "coronavirus" or "coronavirus plus economic crisis". In Scenario 1, if the Government will allow the economy to continue operating, not influencing the economic agents about the future, **we expect most of the negotiated projects to be delivered, perhaps with delays, but not canceled.**

In Scenario 2, if the measures taken by the Government will generate a strong decrease of the economic activity, and a distrust of the economic agents in the future, then we can easily imagine decreases of the clients' budgets and cancellations between the projects already negotiated, but also difficulties to identify and build new projects for the second half of 2020.

For investors - April 2020

The issuer wishes to inform investors that, taking into account the current state of the pandemic, we intend to turn **Investor Day into a digital (online) event on April 15, 2020**, thus ensuring both the promise and transparency, but also the safety of colleagues and investors.

Also, we are asking the investors to participate electronically at the General Meeting of Shareholders from April 29, 2020. With the publication of the convening, we intend to make available to shareholders the **electronic measures of remote participation and transmission of the vote.**