

Current Report no. 17 / 2019

Current report according to	Rulebook BVB for AeRO-ATS, Law 24/2017, ASF 5/2018
Date of report	20.03.2019
Name of the issuing entity	BITTNET SYSTEMS S.A
Legal Adress	Soimus Street, no. 23, bl. 2, Sc. B, 2nd Floor, Ap. 24, District 4
Adress	Timisoara Blbv. no. 26, Plaza Romania Offices Building, 1st Floor, District 6, Bucharest
Telefon/Fax	021.527.16.00 / 021.527.16.98
Fiscal Code	21181848
Number with the Trade Registration	J40/3752/2007
The market where the securities issued are traded:	AeRO ATS Premium
Ticker	BNET – shares BNET19, BNET22, BNET23, BNET23A, BNET23C – bonds
Subscribed and paid share capital	5.175.523,80 RON
Total number of shares	51.755.238 shares face value RON 0.10 per share



Convening notice
for the Extraordinary and Ordinary General Shareholders' Meetings
of BITTNET SYSTEMS S.A.

In accordance with the Company Law no. 31/1990, republished and subsequently amended, of the Shareholder Agreement, of Law 24/2017 for Issuers of Financial Instruments and Market Operations, and of the FSA Regulation no. 5/2018 on Issuers and Transactions with Securities, as subsequently amended and supplemented,

The Administrator of BITTNET SYSTEMS S.A., a Romanian legal entity, with headquarters in Bucharest, Str. Soimus no. 23, Bl. 2, Sc. B, Ap. 24, 040704 - Sector 4, with office and mailing address in Bucharest, Bd. Timisoara no. 26, "Plaza Romania Offices" Building, et. 1, PRO-01, 061331 - district 6, registered in Trade Register Office under number: J40/3752/22.02.2007, Sole Registration Code: RO21181848,

CONVOKES:

The Ordinary General Meeting of Shareholders of BITTNET SYSTEMS on 24th of April 2019, 11.00 o'clock (Romanian time) at the Company's offices: Bucharest, Bd. Timisoara no. 26, "Plaza Romania Offices" Building, et. 1, 061331 - district 6, to which they are entitled to participate and vote the registered shareholders at the end of April 12, 2019, considered the reference date, in the shareholder register held by DEPOZITARUL CENTRAL S.A

and

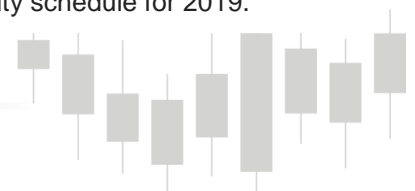
The Extraordinary General Meeting of Shareholders of BITTNET SYSTEMS on 24th of April 2019, 12.00 o'clock (Romanian time) at the Company offices: Bucharest, Bd. Timisoara no. 26, "Plaza Romania Offices" Building, et. 1, PRO-01, 061331 - district 6, to which they are entitled to participate and vote the registered shareholders at the end of April 12, 2019, considered the reference date, in the shareholder register held by DEPOZITARUL CENTRAL S.A

If at the first convening the legal and statutory quorum of attendance is not achieved, The OGSM will be held on 25.04.2019 at 11.00, in the same place, with the same agenda for all shareholders registered in the Shareholders' Registry at the same reference date.

and
The EGSM will be held on 25.04.2019 at 12.00, in the same place, with the same agenda for all shareholders registered in the Shareholders' Registry at the same reference date.

The agenda of the OGM is as follows:

1. Approval of the financial statements for the financial year ended December 31, 2018 accompanied by the Administrator's Report and the Financial Auditor's Report as well as the approval of the profit distribution proposals.
2. Discharge of the Administrator for any liability for his administration during the 2018 financial year.
3. Approval of the income and expenditure budget and of the activity schedule for 2019.



4. Approval of the registration date of **21.05.2019** and the **ex-date of 20.05.2019** according to art. 86, pct. 1 of the Law 24/2017 on issuers of financial instruments and market operations.
5. The mandating, with the possibility of substitution, of the Administrator, Mr. Mihai-Alexandru-Constantin Logofatu, to sign the shareholder meetings decisions as well as any other documents related to these, as well as the mandating to fulfill any procedures or formalities required by law in order to put in action the decisions of the shareholders, including but not limited to the formalities of publishing and registering the decisions with the Trade Registry or any other public institution.

The agenda of the EGMS is as follows:

1. Approval of a capital increase with the amount of RON 5.523.320,50 by issuing 55.233.205 new shares with nominal value of RON 0.1 per share to be distributed to the registered shareholders mentioned in the Shareholders Register held by the Central Depository at the registration date which will be determined by GMS. The allocation ratio of newly issued shares will be 1 bonus share for 1 share held. The share capital increase will be achieved by using the following sources:

- a) capitalization of undistributed net profits of the years 2017 in the amount of RON 1.245.333,22 ,
- b) capitalization of share premiums in the amount of RON 2.594.888,94 ,
- c) capitalization of the amount of RON 1.683.098,34 from the undistributed profit of the fiscal year 2018.

Approval of the registration date (defined as the date serving to identify the shareholders) - proposal **08.07.2019** and date ex-date: - proposal **05.07.2019** and payment date: **09.07.2019**

2. Approval of a capital increase with new cash contributions from shareholders registered in the Shareholders' Register held by the Central Depository at the registration date that will be determined by GMS. The capital increase is subject to approval by the GMS notwithstanding the provisions of art .12.6 and art.18.1 lit. j) . The increase will take place in the following conditions:

a. The number of new shares issued will be 11.046.641 each with a nominal value of RON 0.1 / share and an issue premium to be decided by the GMS: Proposal formula for premium issue: [(average transaction price for last 30 days) / adjustment factor] - 0,1

Proposal factor adjustment: 1.25.

The average price will be calculated based on the date of submission in physical format to the FSA of the Prospectus / Prosecutive Proposition related to this capital increase.

b. The share capital increase is achieved by offering new shares for subscription, within the preference rights to:

1. shareholders who were registered in the Shareholders' Register at the registration date, at the moment of share capital increase, and have not alienated their preference rights during the trading period and
2. persons who acquired preference rights during the trading period;

c) After the period for exercising the preference rights for newly issued shares expires, unsubscribed shares will be offered for subscription in a private placement at a higher price than the price offered to shareholders under article a) above.



d) The preference rights will be tradable in the relevant market administered by Bucharest Stock Exchange, according with the specific regulations of the capital market.

e) The number of preference rights issued will be equal to the number of shares issued by the Company, registered in the Shareholders' Register, each shareholder, registered in the Shareholders' Register at the registration date of capital increase, will receive a number of preference rights equal with the number of shares held.

f) For subscription of one new share under the preference right, a shareholder must hold 5 preference rights. A shareholder of the Company at the registration date which has not alienated their rights may purchase a maximum number of newly issued shares calculated by dividing the number of subscription rights held by that shareholder, on the registration date, to the number of preference rights necessary to subscribe one new share. In the case that the maximum number of shares that can be subscribed during the preference right (resulting from the above calculation) is not a natural number, the maximum number of shares that can actually be subscribed will be rounded-down to the next inferior natural number.

g) The period for exercising the right of preference will be one month from the date established in the proportioned prospectus / offer prospectus and will begin at a later registration date corresponding to the share capital increase and the date of publication of the decision in the Official State Gazette (Monitorul Oficial).

h) Shares remaining unsubscribed after offering them within a private placement will be canceled by decision of the Administrator which finds the actual results of the capital increase and approves the relevant amendments to the Articles of Incorporation, following the value of the capital increase to be determined by reference to shares actually written in the stages mentioned in the points above.

i) The allocation rights for the shares subscribed will be tradable on the relevant market administered by the Bucharest Stock Exchange in accordance with the specific regulations of this market.

j) The share capital increase is done to ensure the implementation of the development plans of the Group.

k) The Administrator is authorized to undertake any necessary steps, procedures and actions to ensure the fulfilling of the capital increase decision, including but not limited to:

- i. Contracting the necessary services to compile the relevant documentation (including but not limited to the preference rights presentation document, the offer document / proportioned prospectus for exercising preference rights) as well as the actual implementation of the share capital increase;
- ii. The subscription period and the payment methods;
- iii. The details for trading the preference rights and allocation rights on the relevant market administered by the Bucharest Stock Exchange;
- iv. Deciding the technique of actual delivery for the private placement (using the BVB system or the direct method with the Central Depository);
- v. Cancellation of the unsubscribed shares after the last step of the issue;
- vi. Adopting any decisions necessary to implement the capital increase;
- vii. Modifying the Articles of Incorporation to reflect the results of the capital increase.

Approval of the registration date (defined as the date serving to identify the shareholders to whom the resolution applies) - proposal **08.07.2019** and ex-date: - proposal **05.07.2019** and payment date for preference writes - proposal **09.07.2019**.



3. Approval of non-convertible corporate bonds in order to re-enforce the maximum ceiling of RON 50,000,000 (fifty million RON) as approved by the GSM Decision no. 10. of 25 April 2018. Authorizing the administrator for the period between the date of publication of the decision of the GSM in the Official Gazette of Romania Part IV and December 31st , 2020 to decide one or several bond issues in RON with a maximum of RON 24,403,700 up to the maximum limit of RON 50,000,000 (fifty million RON) as approved by the AGEA Decision no. 10. of 25 April 2018. Each bond being issued with a nominal value of RON 100 per bond with a maturity of minimum 3 years and maximum of 5 years, with a yearly coupon of a maximum of 9%. The Administrator is mandated to decide about the details of each issuance as well as to sign any documents related to the issuance, including the type of the placement (public or private), writing of the bonds prospectus or any other documents necessary for listing the bonds on the relevant market operated by the BVB, and any other documents that might be needed in relation to the fulfilling of the current decision.

Approval of the registration date (defined as the date of identification of the shareholders to whom the decision of the EGM applies to) - proposal **21.05.2019** and ex-date: - proposal **20.05.2019**.

4. Approval of an incentive plan for the key personnel by offering an option to purchase shares in the maximum amount of 5% of the total number of shares of the Company at a preferential price - a Stock Option Plan ("Plan"), in the form presented at the EGSM.

Approval of the registration date (defined as the date of identification of the shareholders to whom the decision of the EGM applies to) - proposal **21.05.2019** and ex-date: - proposal **20.05.2019**.

5. Approval of the empowerment, with substitution, of the Company's administrator, Mihai-Alexandru-Constantin Logofatu, to carry out acts that are capable of employing the Company to guarantee any banking and / or financing credit/loan products contracted by any of its affiliates, from banking institutions, credit institutions and / or other financial institutions, with any company assets accounting for up to 100% of their total, including the shares / shares held by the Company in that affiliated entity. The Company's Administrator, Mihai-Alexandru-Constantin LOGOFATU will decide, represent the Company with full powers, conclude and sign any acts on guarantees of any kind granted by the Company to its affiliates based on the mandate granted by this decision.

Approval of the registration date (defined as the date of identification of the shareholders to whom the decision of the EGM applies to) - proposal **21.05.2019** and ex-date: - proposal **20.05.2019**.

6. The mandating, with the possibility of substitution, of the Administrator, Mr. Mihai-Alexandru-Constantin Logofatu, to sign the GSM decisions, the updated version of the Articles of Incorporation as well as any other documents related to these, as well as the mandating to fulfill any procedures or formalities required by law in order to put in action the decisions of the shareholders, including but not limited to the formalities of publishing and registering the decisions with the Trade Registry or any other public institution.

GENERAL INFORMATION REGARDING OGSM AND EGSM

In case of non-fulfillment of the quorum conditions at the date of the first meeting, according to the provisions of art. 118 of Law 31/1990, the OGSM shall convene again for 25.04.2019 and EGSM for 25.04.2019, at the same hour, in the same place and with the same agenda, keeping the same reference date (**12.04.2019**).



The share capital of Bittnet Systems S.A. consists of 55,233,205 nominative, ordinary and dematerialized shares, each of which has the right to one vote in the general meeting.

Information materials and questions regarding the agenda

From the date of the publication of the notice until the date set for the GSM, the following documents: *Convening Notice for OGMS and EGMS, the situation regarding the total number of shares issued and voting rights at convening date, draft resolutions proposed for the GSM approval, special/general Power of Attorney forms for vote by proxy, Correspondence Voting Ballot, documents which shall be presented during the GSM* can be obtained by the shareholders on any working day at the company's headquarters in Bucharest, Bd. Timisoara no. 26, "Plaza Romania Offices" Building, 1st floor, PRO-01, 061331, or can be downloaded from the Company's website www.bittnet.ro, tab, section.

Each shareholder has a right to submit, until the date of 23.04.2019, 11:00 o'clock, questions regarding the items included on the agenda of the OGMS and EGMS. The Company will respond to the questions submitted by the shareholders during the GSM.

The shareholders can submit the questions about items on the agenda in writing, along with documents that allow identification of the shareholder, no later than the day proceeding AGA. The Company can respond by posting the response on the company's website (<http://www.bittnetsystems.ro/investors/>). Shareholders can send questions in writing either by post or courier services at the company address mentioned above or by electronic means (by e-mail at: investors@bittnet.ro or by fax: 0215271698).

Shareholders' rights to introduce additional items on the agenda

In accordance with art. 117[^]1 para (1) of the Company Law no. 31/1990, one or more shareholders having at least 5% of the share capital, individually or jointly, are entitled:

1. to introduce new topics on the agenda, provided that each topic is accompanied by a justification or a draft decision proposed to be approved by the GSM, such proposal has to be sent to the Company's office: Bucharest, Bd. Timisoara no. 26, "Plaza Romania Offices" Building, et. 1, PRO-01, 061331 - district 6, before the date of 08.04.2019, hour 17:00;
2. to present draft resolutions for the topics on the agenda or proposed to be included on the agenda of the GSM, such proposal has to be sent to the Company's office: Bucharest, Bd. Timisoara no. 26, "Plaza Romania Offices" Building, et. 1, PRO-01, 061331 - district 6, before the date of 08.04.2019, hour 17:00.

In order to exercise the right to introduce new topics on the agenda / the right to present draft resolutions for the topics on the agenda or proposed to be included on the agenda of the GSM, the entitled shareholders should submit / send the request addressed to the company, in a closed envelope (handwritten document in original), by post or courier, to the Company's headquarters in Bucharest, Bd. Timisoara no. 26, "Plaza Romania Offices" Building, et. 1, PRO-01, 061331 - district 6, or transmit it by fax (0215271698) or by e-mail, signed with electronic signature, according to Law. 455/2001 regarding the electronic signature to: investors@bittnet.ro until 08.04.2019, hour 17:00 with a written mention "PROPOSAL OF NEW POINTS ON THE AGENDA FOR THE GENERAL MEETING OF THE SHAREHOLDERS".

Questions About GSM



The shareholders may ask questions about items on the agenda, along with documents that allow identification of the shareholder no later than the day before the EGMS. The company can respond by posting the responses on the company's website (<http://www.bittnetsystems.ro/investors/>). Shareholders may send questions in writing either by post or courier services at the company address mentioned above or by electronic means (at: investors@bittnet.ro)

Participation in the GSM

According to the legal provisions in force, only persons who are registered as shareholders until April 12, 2019 (reference date) may participate and vote at this general meeting. Shareholders registered in the Shareholder's Registry on the reference date may participate in the General Meeting in person, by correspondence or by proxy (based on a special or general Power of Attorney), in accordance with the legal provisions.

The access of the shareholders entitled to participate, at the date of reference, at the GSM is granted by a simple proof of their identity, made in the case of shareholders who are natural persons with the identity card or in the case of shareholders who are legal persons or proxies of the shareholders who are natural persons, with the empowerment given to the natural person that represents them.

Shareholders may participate in the GSM in person or can be represented by legal representatives or other representatives who were granted the special / general Power of Attorney, in accordance with Art. 92 para (10) of Law nr. 24/2017 for Issuers of Financial Instruments and Market Operations. A shareholder is obliged to give, within the special Power of Attorney form, specific voting instructions to the proxy, for each item on the GSM's agenda.

The shareholder representation in the GSM can also be done through persons other than the shareholders, based on a special or general Power of Attorney, in accordance with the legal provisions in force.

Shareholders registered in the Shareholders' Register at the reference date may participate in the GSM and vote in the following manners:

1. **Vote in person**, which shall be exercised following the proof of the identity of the shareholder:

a) **in case of shareholders who are natural persons**, by simple proof of identity done with an identity document (identity card, passport, residence permit)

b) **in case of shareholders - legal persons**, with the identity card of the legal representative (identity card, passport, residence permit). The status of legal representative shall be evidenced by a certificate issued by the trade registry or any equivalent document issued by a competent authority of the State in which the legal person is legally registered, presented in original or in a copy corresponding to the original. The documents certifying the quality of the legal representative of the legal person shareholder shall be issued no later than 30 days before the reference date. Documents submitted in a language other than English shall be accompanied by a translation carried out by an authorized translator in Romanian / English language.

2. **Vote by proxy**, which shall be exercised following the proof of identity of the shareholder, on the basis of the above-mentioned documents, accompanied by a Power of Attorney.

Special Power of Attorney may be given to any person for representation in a single GSM. The Power of Attorney shall contain specific voting instructions from the shareholder, with a clear indication of the voting option for each item on the agenda of the GSM.



The shareholder representation in the GSM can be done through an empowered person, only by filling in and signing the special Power of Attorney form. Representation can be done through other shareholders as well as through third parties. Shareholders lacking exercise capacity or having limited exercise capacity can award special Power of Attorney to other persons, according to the law.

The special Power of Attorney forms shall be completed and signed in three copies: one of the copies will be submitted to the company, one copy will be handed to the representative and the third copy will remain with the represented shareholder.

Special / general Power of Attorney, in original or copy bearing a mention of conformity with the original under the representative's signature, under penalty of losing the right to vote, shall be submitted/sent to the Company's office in Bucharest, Bd. Timisoara no. 26, "Plaza Romania Offices" Building, et. 1, PRO-01, 061331 - district 6 until 22.04.2019, hours 11:00. Powers of Attorney not submitted in due time will not be considered. Powers of Attorney can be sent also by fax (0215271698) or by e-mail before the date mentioned above, the document signed with electronic signature, according to Law. 455/2001 regarding the electronic signature - by email at: investors@bittnet.ro. Irrespectively of the manner in which the Powers of Attorney are transmitted, it must contain a mention on the envelope, written clearly and in capital letters "POWER OF ATTORNEY FOR THE GENERAL SHAREHOLDERS MEETING".

Starting with **22.03.2019**, special/general Power of Attorney forms for the GSM may be obtained from the Bittnet Systems SA headquarters - Bucharest, Bd. Timisoara no. 26, "Plaza Romania Offices" Building, et. 1, PRO-01, 061331 - district 6 or can be downloaded from the Company's website (<http://www.bittnetsystems.ro/investors/>).

Generally, a shareholder may empower only one representative to represent him/her in the General Meeting of Shareholders. However, the Power of Attorney may nominate one or more alternate representatives to ensure the representation of the shareholder in the GSM in case when the principal representative mentioned above is unable to participate in the GSM. The special Power of Attorney must specify though the order in which the alternate representatives will vote, if the principal representative does not participate in the GSM.

Also, a shareholder may grant a valid general Power of Attorney for a period not exceeding three years, which empowers his/her representative to vote on all aspects debated at the GSM, including resolutions act, provided that the Power of Attorney is granted by the shareholder as a client to an intermediary, within the meaning of the capital legislation or to a lawyer.

The shareholders may not be represented in the GSM on the basis of a general Power of Attorney provided to persons who are in a conflict of interest situation, according to art. 92 pt. 15 of Law no.24/2017 on Issuers of Financial Instruments and Market Operations.

3. Vote by correspondence. Shareholders registered at the reference date have the opportunity to vote by correspondence before the Ordinary and Extraordinary General Shareholders Meeting by using the correspondence ballot available starting for 22.03.2019 on the Company's website, or at its address office in Bucharest, Bd. Timisoara no. 26, "Plaza Romania Offices" Building, et. 1, PRO-01, 061331 - district 6. The form of the correspondence ballot, accompanied by the above mentioned documents will be submitted in original at company office address in Bucharest, Bucharest, Bd. Timisoara no. 26, "Plaza Romania Offices" Building, et. 1, PRO-01, 061331 - district 6, the latest day of 22.04.2019, at 11:00 hours. The forms for correspondence ballot may be sent by e-mail until the date mentioned above, the document signed with electronic signature, according to Law. 455/2001 regarding the electronic signature - by e-mail at: investors@bittnet.ro.



In the event that the shareholder who sent his vote by correspondence attends the general meeting personally or through a representative (provided that a special/general Power of Attorney has been submitted in compliance with the conditions mentioned in this convener), the vote expressed by correspondence for that GSM will be annulled and only the vote expressed in person or by representative will be taken into consideration as valid.

If the person representing the shareholder through personal participation in the general meeting is other than the person who has voted by correspondence, then for the validity of his vote, he/she will present at the GSM a written revocation of the vote by correspondence signed by the shareholder or by the representative who expressed the vote by correspondence.

Further information can be obtained at the Company's office in Bucharest, Bd. Timisoara no. 26, "Plaza Romania Offices" Building, et. 1, PRO-01, 061331 - district 6 or by phone (+40 21) 527 16 00 between 09:00 - 17:00 hours.

SOLE ADMINISTRATOR,
Mihai-Alexandru-Constantin LOGOFATU

