
Report of the Supervisory Board of QuarticOn S.A. for the financial year 2019

including the evaluation report on the results of: the Management Board's report on the Company's operations in 2019, the Company's financial statements for the financial year ended December 31, 2019 and the Management Board's request concerning coverage of the loss for the financial year 2019

The company under the name: QuarticOn Spółka Akcyjna ("Company") was established as a result of transformation of the company Quartic Spółka z ograniczoną odpowiedzialnością (limited liability company) made on the principles described in art. 551 and et seq. of the Commercial Companies Code, based on Resolution No. 1 of the General Meeting of Shareholders adopted on 28 December 2017.

I. Composition of the Supervisory Board

On January 1, 2019, the composition of the Company's Supervisory Board was as follows: **Mr. Oktawian Jaworek as a Chairman of the Board**, Łucja Gdala, Sławomir Kornicki, Ludwik Majewski and Paulina Zamojska who were Members of the Supervisory Board.

The following changes in the composition of Supervisory Board took place in the 2019:

- On 05 April 2019 Mr Sławomir Kornicki resigned as a Member of the Supervisory Board of QuarticOn S.A., effective immediately.
- On 09 April 2019 Ms Łucja Gdala handed in her resignation as a Member of the Supervisory Board of QuarticOn S.A.
- On 17 April 2019 the Company received a declaration from Mr Paweł Wyborski, a Shareholder, signed on the same date, on the dismissal of Ms Paulina Zamojska as a Member of the Supervisory Board under § 12 (4) of the Company's Articles of Association and the appointment of Mr Bartłomiej Łagowski under § 12 (1)(b) of the Company's Articles of Association.
- The Extraordinary General Meeting of QuarticOn S.A. held on 24 April 2019 dismissed Mr Ludwik Majewski from the Supervisory Board, effective after 31 May 2019, and appointed Mr Paweł Lebiecki and Mr Michał Markowski into the Supervisory Board, effective from 24 April 2019.
- The Annual General Meeting of QuarticOn S.A. held on 27 June 2019 appointed Mr Paweł Chojecki into the Supervisory Board, effective from the same day.

As at December 31, 2019, the Supervisory Board of the Company was composed of: Mr Oktawian Jaworek - Chairman of the Board, Mr Bartłomiej Łagowski, Mr Michał Markowski, Mr Paweł Chojecki and Mr Paweł Lebiecki.

II. The operations of the Supervisory Board of the Company in 2019

In 2019, the Supervisory Board exercised permanent supervision over the Company's operations in all areas of its operations. In terms of its operations, the Supervisory Board monitored the Management Board on an ongoing basis in the economic and financial situation, actively supported the Management Board in achieving the Company's objectives (new products development) and got acquainted with other matters presented by the Management Board (e.g. in the preparation of an offer for investors, extraordinary activities during COVID19 pandemic, financing from European funds).

Over the whole reporting period, members of the Supervisory Board remained in regular contact with the Company, carrying out consultations on all essential aspects of the Company's operations.

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The main issues raised during the Supervisory Board's meeting were, in particular:

1. analysis of the periodic financial results of the Company and their evaluation;
2. evaluation of the financial statements on the Company's operations;
3. supervision over the process aimed at applying for admission of the company's shares series B, C and F to trading on the regulated market;
4. support and supervision over the process of series F shares issue,
5. changes in ESOP program
6. analysis of the COVID19 pandemic impact on the business
7. other current issues regarding the Company's operations.

During the whole year 2019 4 meetings of the Supervisory Board were held in total.

In 2019, the Supervisory Board:

1. did not conduct any inspections or clarifying investigations;
2. did not suspend the mandate of any members of the Management Board;
3. did not delegate members of the Supervisory Board to perform the functions of members of the Management Board of the Company;
4. did not decide to commission additional expertise.

III. Evaluation of the financial statements and the Management Board's report on the Company's operations

According to art. 382 § 3 of the Commercial Companies Code, the Supervisory Board of the Company assessed the Management Board's report on the Company's operations in 2019, financial statements of the Company for the financial year ended December 31, 2019 in terms of their compliance with the books and documents, with the facts, as well as it assessed the request of the Company's Management Board regarding the coverage of the loss for the financial year 2019.

The Supervisory Board assessed the Company's situation in 2019. The Supervisory Board performed its assessment on the basis of the supervision over the Company, review of the Company's issues and after noting the opinion of the Company's Management Board in this matter.

The Supervisory Board of the Company assessed the following documents submitted by the Management Board of the Company:

1. the Management Board's report on the Company's operations in 2019;
2. the Company's financial statements, including the auditor's opinion, for the financial year ended December 31, 2019, which consist of:
 - 1) introduction to the financial statements;
 - 2) the balance sheet prepared as at 31/12/2019, with total assets and total liabilities of **PLN 9,705,234.79**;
 - 3) profit and loss account for the financial year 2019 showing a net loss in the amount of **PLN 4,634,196.43**;
 - 4) statement of movements in equity;
 - 5) cash flow statement;
 - 6) additional information.

The Supervisory Board states that the Company's financial statements for the financial year ended December 31, 2019 in all material respects:

1. present a reliable and clear view of the property and financial situation of the Company as at 31 December 2019 and its financial result for the financial year ended on 31 December 2019 in accordance with the applicable Polish Financial Reporting Standards and with the adopted accounting principles (policy);
2. comply in the form and content with the applicable laws and the Statutes of Company;

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3. have been prepared on the basis of correctly kept accounting books in accordance with the provisions of Chapter 2 of the Accounting Act "Accounting Act" (Journal of Laws of 2019 item 395, as amended).

For the above reasons, the Supervisory Board states that the information contained in these financial statements is consistent with the Company's books and documents, as well as with the facts.

At the same time, the Supervisory Board got acquainted with the Management Board's report on the Company's operations in 2019. In the opinion of the Supervisory Board, the information contained in the financial statements is consistent with the information included in the Management Board's report on the Company's operations, and the Management Board's report was prepared in accordance with Art. 49 par. 2 of the Accounting Act.

In the opinion of the Supervisory Board, the Management Board's report on the Company's operations in 2019 provided a realistic view of the Company's development, achievements and situation, including a description of basic risks and threats. The above opinions justify the acceptance of the assessed documents.

The Supervisory Board got also acquainted with the Management Board's request regarding the method of the coverage of the loss incurred by the Company in the financial year 2019. The Supervisory Board of the Company approved the request of the Company's Management Board according to which the loss for the financial year 2019 will be covered by profits that will be produced by the Company in future financial years.

The Supervisory Board, on the basis of its own research and observations, as well as explanations provided by the Company's Management Board, places a request to the Ordinary General Meeting of the Company for approval of:

1. the Management Board's report on the Company's operations in 2019;
2. the Company's financial statements for the financial year ended December 31, 2019;
3. the Management Board's request regarding the coverage of the loss for the year 2019.

This report was adopted by the Supervisory Board of the Company at its meeting on August 27, 2020.

Oktawian Jaworek

Paweł Lebiedziński

Michał Markowski

Bartłomiej Łagowski

Paweł Chojecki