

Warsaw, November 16, 2021

Management Board QuarticOn S.A.

To:

General Meeting of Shareholders

Supervisory Board's Members

QuarticOn S.A., Warsaw

(123 Jerozolimskie Av., 02-017 Warsaw)

**OPINION OF QUARTICON SPÓŁKA AKCYJNA MANAGEMENT BOARD
SUBSTANTIATING THE DECISION TO DEPRIVE EXISTING COMPANY
SHAREHOLDERS OF THEIR SUBSCRIPTION RIGHTS TO G SERIES SHARES,
H SERIES SHARES, I SERIES SHARES AND PROPOSING THE METHOD OF
ESTABLISHING THE ISSUE PRICE FOR THE G SERIES SHARES, H SERIES SHARES
AND I SERIES SHARES**

Acting as the Management Board of the company QuarticOn Spółka Akcyjna with its registered office in Warsaw (hereinafter also referred to as the "Company"), in connection with the planned increase in the share capital by issuing ordinary G series, H series, I series shares, we hereby point out that the deprivation of the pre-emptive right of the current shareholders of the Company in relation to new shares is justified due to the important economic interest of the Company.

In the opinion of the Company's Management Board, the deprivation of the subscription right (pre-emptive right) will significantly accelerate the process of issuing new shares and the process of increasing the Company's share capital. This will enable the Company to start consolidation processes faster and to obtain financing for working capital necessary for the rapid commencement of the "AI Fashion Stylist" project and the functioning of the consolidated entity as well.

The issue of G series shares is intended for the current shareholders of the entity that the QuarticOn is planning to take over. The quick resolution of the capital increase and the execution of transactions will allow us to offer a large-scale consolidated offer for existing and new customers from the beginning of 2022. With the simultaneous use of cost synergies, the Management Board expects a significant improvement in the results of the consolidated entities.

The issue of H series shares is intended for one of the international funds, which has decided to take up the new issue to support the "AI Fashion Stylist" project and the Company's working capital. Since the aforementioned project has already started, the quick acquisition of funding will allow for its implementation until it receives funding from EU funds and, at the same time, to carry out current development projects of the Company.

The issue of series I shares is intended to convert part of the debt into equity. This operation will allow the Company to allocate funds for the development of new projects.

In summary, in the Company's Management Board opinion, the acceleration of the share capital increase process by depriving existing shareholders of their subscription rights and offering shares to strategic investors selected by the Company's Management Board, is the best solution for the Company. This will allow the Company to effectively recapitalise itself, reducing the time it takes to secure the funding required by the Company to grow and to tap its market potential.

The Management Board of the Company proposes to leave the establishing of the issue price of G series, H series, I series shares within the competence of the Management Board, which has the best resources to determine it properly, taking into account the assessment of demand and market situation. Nevertheless, the Management Board undertakes to obtain acceptance of the Supervisory Board for the established issue price.

Paweł Wyborski
CEO

Michał Giergielewicz
CFO

