

Current report ESPI No. 1/2024

Date of Preparation: 2024-01-09

Short Name of Issuer: QUARTICON S.A.

Subject: Completion of the "AI Fashion Stylist" research and development project..

Content of report:

With reference to the current report ESPI 2/2023 on the implementation of research and development work in the "AI Fashion Stylist" project, the Management Board of QuarticOn S.A. ["Company", "Issuer"] informs that on January 8, 2024, the Company formally completed the "AI Fashion Stylist" project ["Project"].

The adopted project budget amounted to PLN 6.3 million, of which EU funding was assumed to be PLN 4.7 million. The project was implemented from November 2021 to the end of December 2023. The company committed to ensuring the durability of the project for a period of 3 years from the date of its completion. At the same time, the Company informs that the final settlement of the Project will take place at the accounting close of 2023.

It was the largest project implemented by the Company in its history. Over the last two years, together with experts in artificial intelligence [AI] and from the fashion industry, the Company has developed innovative solutions based on AI algorithms, which are the foundation of a completely new group of products dedicated to the e-fashion industry.

As of the date of formal completion of the Project, the Company has two ready-made solutions for the B2B segment developed as part of the project, i.e.: [1] "get the look" [creating a set from collections available in the store based on a photo] and [2] "fashion stylist" [creating ready-made stylistic sets based on the available assortment], and in the final phase of work there is a "description generator" [creating product descriptions or styling in many languages]. For the B2C segment, the Project developed a demo version of the "AI Fashion Stylist" application for mobile devices.

The first commercial implementations of the solutions developed by the Company are underway [planned launch in January this year]. In the Company's assessment, from the perspective of sales potential, new solutions have several advantages worth emphasizing: the possibility of quick implementation at the customer's site, no geographical barriers [algorithms are based on images, not language], relatively large potential of the e-fashion market and an innovative solution that has a relatively little competition.

The Company is in the final stage of work on a comprehensive sales strategy and further development of this portfolio of products developed as part of the Project, and the Company will inform about subsequent significant events in this regard in appropriate reports.

Signatures of persons representing the Company:

Paweł Wyborski - CEO

Michał Giergielewicz - CFO