



QuarticOn Spółka Akcyjna

2023

Annual Report

Warsaw, May 31, 2024

Updated July 31, 2024

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Important FX rates notice:

All currency values were converted to EUR using National Bank of Poland exchange rates for the last working day of each year:

Year 2022: 1 EUR = 4,6899 PLN

Year 2023: 1 EUR = 4,3480 PLN

As a result, some figures regarding the dynamics or periodic changes are different than those presented in PLN in the Polish edition of the Report.

1

Annual Report of the Management Board of QuarticOn S.A. for the year 2023

1.1 Letter to the Shareholders

Ladies and Gentlemen,

The year 2023 was a period of many challenges for our Company, both in management and business terms. Finally, in 2023, the Company's net loss decreased by almost EUR 0.27 million compared to 2022, we completed the "AI Fashion Stylist" project and carried out a major reorganization.

Undoubtedly, the mentioned "AI Fashion Stylist" project was definitely the most demanding task. Not only because of its complexity, but also as a project that consumed the Company's resources in various ways and on various scales. Because we are talking not only about the technological issue, but also about all the activities undertaken at various stages of the project implementation last year, which were to prepare the ground for its market debut in 2024. And contrary to appearances, it was not easy - it is worth remembering that the assumptions for the project were created three years ago - during this time the surrounding market has changed significantly, and the expectations and demand of potential customers for the services offered by "AI Fashion Stylist" have also changed. We started working on the concept of implementing this solution in mid-2023 by analysing the market, examining the approach of e-shop customers to fashion, what is important and what is less important to them, and looking at how various stores operate on the fashion market. The collected information allowed us to modify the original assumptions, as well as to adapt the first functionalities of the products to current trends and market expectations. However, before we presented the new offer to customers, we conducted two webinars on AI in fashion and prepared thematic articles. We treated it as a test of interest not so much in our new products, but in the final effect we achieve thanks to them. The number of webinar participants showed that the issue of artificial intelligence in such a popular field as fashion is actually extremely large. Of course, we were aware that this did not necessarily mean market success.

When we say ready-made AI Fashion Stylist products, we mean an offer for B2B channels, i.e. for fashion e-shops. However, the topic of a mobile application (B2C channel) turned out to be much more complex, hence we ended 2023 with a demo version of this application. After many conversations on this topic, we came to the conclusion that we need to do this part of the project with a partner who not only has experience in introducing such solutions to the market (the

B2C market is completely foreign to us), but also offers appropriate financial support in creating the version market application. We have often heard the opinion that there is a high risk that when the first versions of the application have problems, the next attempt is extremely difficult (and expensive).

Just as AI Fashion Stylist and the work on it (despite various difficulties) gave us a sense of positive change, unfortunately there were several other areas in which 2023 was a disappointment. Revenues of PLN 3.2 million for the entire year 2023 are definitely below our expectations. Changes in sales processes, implemented with the participation of an external advisor, and refreshing the partner channel, brought lower results than we originally expected. Additionally, intense competition resulted in the departure of several larger customers. As a result of lower sales, the Company had to adjust the level of expenses to reduced revenues, while maintaining priority tasks at full functionality.

In total, we ended 2023 with a net result much better than in 2022 (loss of PLN -2.7 million compared to PLN -4.3 million a year earlier), with new AI products from the Fashion Stylist and with a range of ideas for 2024 that are already being implemented in Company

Best regards,

Michał Giergielewicz

CFO

1.2 Company background

The QuarticOn S.A. company (“QuarticOn”, “the Company”) emerged from the conversion of Quartic Sp. z o.o. (a limited-liability company), and was officially established after its entry into the National Court Register in February 2018. Its legal predecessor was registered in June 2011, and until 2015 the Company engaged in a different kind of business within that predecessor’s framework, using e-commerce data to improve the effectiveness of online advertising. Following an in-depth market analysis, in 2015 the Company decided to focus on developing a tool based on artificial intelligence (AI) and a sales process and online marketing support and personalisation system.

The Company’s authorised representatives are:

Michał Giergielewicz

Member of the Board QuarticOn SA



1.3 Corporate matters

1.3.1 Management Board composition in 2023

In 2023, the Company's Management Board was composed of:

- Paweł Wyborski – President of the Board (CEO)
- Michał Giergielewicz – Member of the Board (CFO)

On May 16, 2024, the Company received the resignation of Mr. Paweł Wyborski from the position of President of the Management Board and from sitting on the Company's Management Board.

1.3.2 Supervisory Board composition in 2023

At the end of 2023, Supervisory Board was composed of:

- Oktawian Jaworek – Chairman of Supervisory Board
- Paweł Chojecki – Member of Supervisory Board
- Paweł Lebieźniński – Member of Supervisory Board
- Marcin Leszczyłowski – Member of Supervisory Board
- Justyna Spytek – Member of Supervisory Board

On January 5, 2023, the Company received the resignation of Mr. Bartłomiej Łagowski from the position of Member of the Supervisory Board of the Company,

On June 23, 2023, acting pursuant to §12 section 1 letter b) of the Company's Articles of Association, Mr. Paweł Wyborski appointed Mr. Marcin Skotnicki-Leszczyłowski to the Supervisory Board.

On January 22, 2024, the Company received the resignation of Mr. Paweł Chojecki from the position of Member of the Company's Supervisory Board.

On July 12, 2024, the Supervisory Board of the Company, pursuant to § 12 section 21 of the Company's Articles of Association, by way of co-optation (election), appointed Mrs. Anna Kolendo to the Supervisory Board.

1.3.3 Corporate governance

In EBI current report No. 5/2024 of April 15, 2024, the Company defined the scope of application of the principles of Good Practices of Companies Listed on New Connect.

1.4 Subsidiaries and affiliates (no obligation to issue consolidated financial statements)

The Company holds 50% of shares in the company QuarticOn (Shanghai) Company Ltd., which is not related to business work and has no significant influence on the company's operations.

The remaining 50% of the capital share in the above-mentioned the company is vested in Wan Sheng Asia Ltd based in Road Town in the British Virgin Islands. The company's initial capital was set at 118 thousand Euro. The value of liabilities and assets is also EUR 118k. Neither party paid the relevant shares and the Company did not start its activities. Therefore, the revenues and costs of the above-mentioned the companies at the end of 2023 amounted to EUR 0.

On 19 March 2019, QuarticOn Ltd. with its seat in London was registered. QuarticOn S.A. is a 100% shareholder in the share capital of this and has the same share of votes.

QuarticOn Ltd. ended the financial year on March 31, 2024 and as at the balance sheet date, the Company showed GBP 0 revenues and GBP 543 costs (virtual office). As at the date of this report, QuarticOn Ltd. has not yet started operating activities.

Therefore, QuarticOn is released from the obligation to consolidate the subsidiaries, pursuant to art. 58 paragraph 1 of the Accounting Act

1.5 The Company's business

1.5.1 Core business

Our mission is to deliver smart technology to engage clients in convenient purchases in the omnichannel world.

QuarticOn S.A. is a technology company developing cloud-based SaaS applications. Under the SaaS model the application is stored and executed on the service provider's computers, and made available to users online. Consequently, the program does not have to be installed and started

on customer computers. In other words, installation, administration, updates and technical support responsibilities shift from the customer to the service provider, with the former agreeing for the latter to take control of the software and ensure its continued functionality. Due to the fact that the QuarticOn technology is a cloud solution offered in the SaaS model, it is possible to quickly implement it and use it anywhere in the world.

QuarticOn's primary markets are in Central Europe (Poland, the Czech Republic, Slovakia and in the countries of the Balkan Peninsula region).

1.5.2 Products

QuarticOn's offer is based on two business segments: Customer Data & Experience Platform (CDXP) and "AI Fashion Stylist".

CDXP is a comprehensive proposal for e-commerce, supporting the sale of goods and services in online stores thanks to such tools as product recommendations engine, omnichannel marketing automation or smart search engine for e-shops with a wide range of additional services. The CDXP is a solution which is a class higher than other stand-alone solutions, as it exploits the full potential of client data thanks to additional new functionalities belonging to the categories of CRM, Account Management and sales automation. The tool aligns very well with current market trends, allowing the construction of a 360° customer profile based on first party data, personalization and automation of activities (also those within a sales team) to explore and understand customers' needs, build relations and positive customer experience.



The **AI Fashion Stylist** is an innovative solution for the fashion market that digitizes the competences of a traditional fashion stylist with technology based on artificial neural networks. Currently, the Company offers three products supporting e-shops (B2B) in the fashion sector:

- **Get The Look** - a module that, based on a photo, completes a set from the available assortment (the set is dynamic, i.e. you can choose individual elements from matching products, thus creating a styling that is both consistent with the pattern and your own style)
- **Complete The Look** (Outfits Generator) - a module that creates complete styling itself, e.g. based on one product (a store customer can receive a full styling in a different style, e.g. boho, casual or sporty, for e.g. selected trousers).
- **Description Creator** - automatic creation of product descriptions and entire styling; multi-language solution.

The solution for the B2C channel, i.e. the AI Fashion Stylist mobile application, was developed in a demo version and is not currently available on the market. The company is currently looking for a technological partner with competences and experience in preparing and introducing similar solutions to the market.

1.5.3 Market and Development strategy

1.5.3.1 Market environment

Despite its already great popularity, e-shopping is constantly growing in popularity. The surge in interest in this form of shopping during the pandemic was not a one-time event - people who started their adventure with online shopping then mostly remained faithful to it. However, the growth is not as intense as in that period. According to the "e-commerce 2023" report [Gemius, PBI, ZPBI IAB Polska], 79% of Internet users shop online, of which 30% also buy on foreign websites. The key factors for the more frequent choice of this shopping channel are lower prices than in traditional stores, falling delivery costs and available discount codes. Interestingly, the most frequently encountered problems included intrusive advertising, waiting time and... high delivery costs. Despite the good results of e-commerce, inflation had its impact on purchasing decisions - 30% of respondents declared that they were buying less than before. Nevertheless, as PwC forecasts, the Polish e-commerce market will continue to grow and will reach EUR 37 billion by 2026.

Globally, the value of the global e-commerce market in 2023 was estimated at USD 16 trillion, and forecasts say that by 2032 this value will grow to USD 57 trillion [money.pl "e-commerce as it was in 2023 and what it will be in the future "]. In 2022, the largest e-commerce market in the world was China (\$1,583 billion), the United States (\$875 million) and Japan (\$241 billion), and in fourth place was Germany (\$148 billion) [Oberlo 2022].

From the Company's development perspective, the expected increase in e-commerce sales is good news. It is also worth adding that, according to the Data Report 2022, the most profitable online industry is fashion, which in 2022 reached a global value of USD 871 billion. However, in Europe itself, in 2022 [according to Sttista.com], the largest e-commerce fashion market was Great Britain (\$38.5 billion), followed by Germany (\$23.5 billion) and France (\$20.9 billion). According to the same data, the value of this market in Poland was \$3.6 billion.

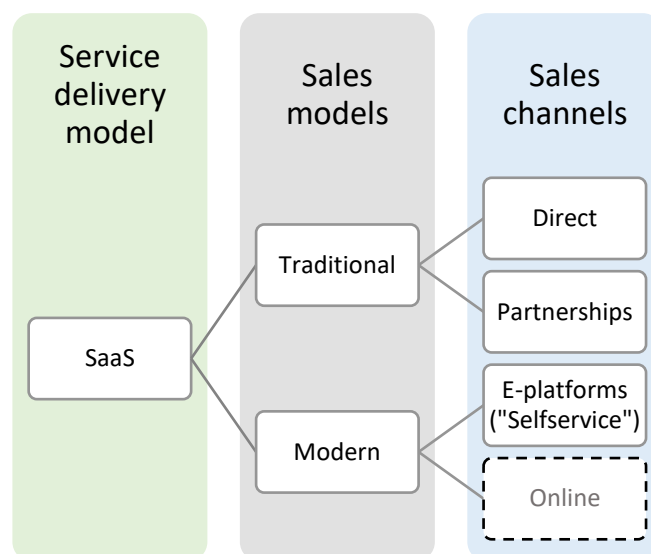
1.5.3.2 Development strategy

In the current report ESPI No. 2/2024 of February 13, 2024, the Company presented an update of the development strategy and assumptions for the transformation of the Company.

1.6 Summary of 2023 highlights

1.6.1 Sales models

The Company provides all its services using the SaaS model (Software as a Service) where our software is delivered electronically based on cloud computing, and our customers can use these services without having to install the software on their machines. But our sales process takes place over two channels, traditional, through our own sales frameworks and partner networks, and modern, currently through e-commerce



platforms, where services (apps) are sold as plug-ins to e-shops operating on the platform. In the future, we will expand this to include selling directly from our website (the online channel).

1.6.2 Key sales and marketing events

Sales activities:

Year 2023 was a difficult period for the Company in terms of sales, although the first quarter was moderately good. The company implemented a new sales model developed together with an experienced consulting company and strongly focused on the enterprise segment, which resulted in high new sales in this quarter. The next quarter brought a decline in sales, which was, on the one hand, related to the seasonality of revenues and, on the other hand, to a smaller number of new contracts. The latter resulted, among others, from the uncertainty of the economic situation (inflation and consumers' willingness to buy). Active up-selling activities were also carried out to current customers (upesell). The last two quarters of 2023 will see the stabilization of sales at approximately EUR 149.5k per quarter and the commencement of talks with new trading partners.

The much lower than expected sales results were also influenced by high churn: the monthly average in 2023 amounted to 4.5%. Unfortunately, this is the result of a lost tender for one very large client (a supermarket chain) and the termination of the contract with several other, larger entities. Competition on the market is very high, and the scale of the Company and its financial resources provide little opportunity to compete only on price (which often happens)

in '000 EUR

	2022	2023	Change
Revenue from the sale of services	824.4	735,8	-88.5
- In Poland	589.0	561,6	-27.4
-Foreign sale	235.3	174,0	-61.1
Foreign share in total Revenue	28,5%	23,7%	

When realistically assessing the Company's sales results, it must be stated that the effects of the implemented changes in the sales process were disappointing. Similarly, the project to refresh the affiliate program did not bring the scale of effects that the Company had originally expected, although it allowed it to acquire several new customers.

In 2023, AI Fashion Stylist was not yet a revenue generator, but in the last months of 2023, work for it already constituted quite a significant part of the resources involved, especially on the marketing side. Preparations for the market debut of new solutions involved an in-depth analysis of the current e-fashion market, customer needs, definition of target customers and building a strategy to reach these potential customers. As a result, in the first quarter of 2024, the Company held a number of meetings with potential customers, of various sizes with different needs, and the first commercial contracts.

Marketing activities:

The beginning of 2023 is also an intense period in the marketing area, including: due to the implementation of new sales models, preparation of materials for prospecting and up-sales campaigns and changes in the partner channel. During the year, changes were also made to the website: an inventory of the content collected so far was carried out to verify whether it responds to customer problems and challenges, as well as SEO optimization (Search Engine Optimization). The Marketing Team also designed a content map for two thematic clusters (Marketing Automation and Artificial Intelligence) and conducted an analysis of the Company's website. The aim of this procedure is to increase the readability of product descriptions, engage users in activities on the website, and - again - SEO optimization.

In connection with preparations for the commercialization of Fashion Stylist's AI products, the Marketing Team also placed emphasis on building the brand's image as an artificial intelligence expert. For this purpose, the Company prepared several events during which it not only presented the advantages of new solutions, but also tried to raise the issues of artificial intelligence in a general way:

- <https://interaktywnie.com/biznes/newsy/biznes/przelomowa-technologie-dla-branzy-modowej-e-commerce-w-dobie-kryzysu-czyli-czym-jest-ai-stylista-modowy-262666> (polish only)
- <https://marketingprzykawie.pl/artykuly/sztuczna-inteligencja-w-e-commerce-czy-sklepy-online-staja-sie-bezduszne-a-klienci-przewidywalni/> (Polish only)
- Webinar „Revolution in the Fashion industry - Your AI Stylist”
- Webinar „Get The Look 2.0 – A revolution in styling using AI”

1.6.3 AI Fashion Stylist project



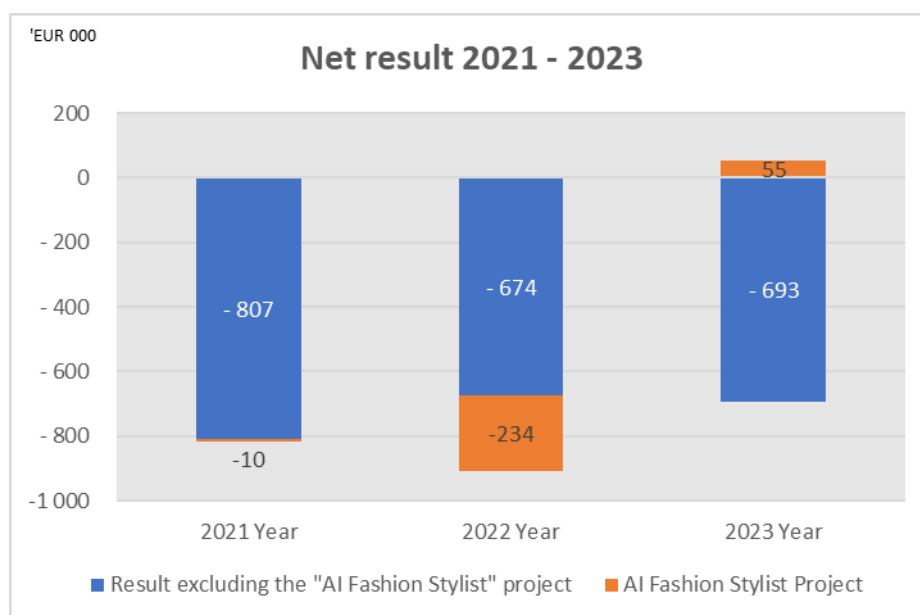
On 27 December 2021, the Company entered into an agreement with the National Centre for Research and Development for the funding of an innovative project entitled “Development of advanced artificial intelligence algorithms and methods for the analysis and modelling of outfit styles in the form of a self-learning system recommending and composing outfits from individual pieces of clothing based on pre-defined style patterns” (working name: “AI Fashion Stylist”). This is co-financed from the European Regional Development Fund as part of the Smart Growth Operational Program 2014-2020, Sub-measure 1.1.1 “Industrial research and development work implemented by enterprises” (Fast Track). Under the agreement, the project is to be implemented for 26 months (starting from 1 November 2021).

The **total cost** of the project amounted to EUR 1.15 million (below the planned budget), of which EUR 0.66 million was included in current costs in the first phase of the project, and EUR 0.49 million was included as accruals (capex). At the end of 2023, this last part was transferred to intangible assets and from January 2024 it is amortized (5 years).

1.7 Financial results

1.7.1 Introduction to financial results

The financial results for the last two years (2022 and 2023) should be looked at both excluding the "AI Fashion Stylist" project and as a whole. In terms of the entire Company, the net result for 2023 amounted to EUR -637.7 thousand, which is an **improvement** of almost EUR 0.27 million compared to last year. The positive effect is the result of recognizing most project expenses in 2023 as capex (settlements over time), while in the entire year 2022 they were charged to current costs. Since, additionally, subsidies were also settled in 2023 (also from previous months), the net result on the project in 2023 was EUR +55.



1.7.1.1 Results excluding the AI Fashion Stylist project

As it was previously noted, sales in 2023 year-on-year were lower by EUR 89k. Already in 2023, the company introduced various actions aimed at adjusting operating costs to the decline in revenues, which allowed the loss of revenues to be significantly covered with savings: operating costs (excluding depreciation and the AI Fashion Stylist project) amounted to EUR 58k lower than the year before. The loss from sales was at a lower level to the previous year (EUR 44k lower). Additionally, a lower balance of other operating events than in 2022 (lower scale of write-offs) and a lower balance of financial operations allowed to achieve a net result of almost at the 2022 year level (EUR 19k lower).

	<i>in '000 Euro</i>	2021 Year	2022 Year	2023 Year	<i>change Y23 vs Y22</i>
Result excluding the "AI Fashion Stylist" project	Net Revenues From Sales	919	824	736	-89
	Operating expenses without depreciation	-1 114	-1 010	-952	-58
	EBITDA (based on profit (loss) on sales)	-195	-186	-217	-31
	Amortisation and depreciation	-500	-433	-446	13
	Profit (loss) on sales	-695	-619	-662	-44
	Other operating revenues and expenses	-48	-40	-30	9
	EBIT (operating result)	-743	-659	-693	-34
	EBITDA (based on operating result)	-243	-226	-247	-21
	Financial revenues and expenses	-65	-15	0	15
	Net result (excluding AI Stylista Modowy Project)	-807	-674	-693	-19
AI Fashion Stylist Project	Operating expenses without depreciation	-10	-499	-109	390
	Other operating revenues and expenses	0	265	163	-102
	Net result AI Stylista Modowy Project	-10	-234	55	289
Net Result (Total Company)	-818	-907	-638	269	

1.7.1.2 Impact of the AI Fashion Stylist project

The impact of the "AI Fashion Stylist" project on the results in 2023 was completely different than the year before. In 2022, very high expenditure on industrial research, recognized directly in costs, drastically increased the Company's net loss. Expenditures incurred in 2023 were no longer so important - development work was capitalized, and the result was only burdened by the end of industrial research (the first quarter of 2023). Additionally, the settled subsidies (there is a delay of several months in relation to the costs incurred) made it possible to achieve an "accounting" positive net result on the project (EUR +55k).

1.8.2 Selected financial statement data

Selected balance sheet data:

	in '000 €		in '000 PLN	
	As of 31.12.2023	As of 31.12.2022	As of 31.12.2023	As of 31.12.2022
Fixed assets	772.0	687.4	3 356.8	3.224.1
- including intangible and legal assets	769.3	684.7	3 344.9	3.211.3
Current assets	0.0	255.7	718.4	1.199.3
- including short-term investments	1.0	40.9	4.3	191.9
Total Assets	937.2	943.2	4 075.1	4.423.4
Equity	-777.8	-113.3	-3 381.8	-531.3
Liabilities and provisions for liabilities	1 715.0	1 056.5	7 456.9	4.954.7
- including short term liabilities	1 381.2	904.9	6 005.5	4.244.0
Total Liabilities	937.2	943.2	4 075.1	4.423.4

Selected profit and loss account data:

	in '000 €		in '000 PLN	
	2023	2022	2023	2022
Net revenue from sales	735.8	824.4	3 199.3	3 866,2
Operating expenses excl. depreciation & amort.	1 061.0	1.509.2	4 613.1	7 077,8
EBITDA (based on profit (loss) operating result)	-192.1	-459.5	-835.1	-2 155,2
Amortisation and depreciation	445.9	432.8	1 938.6	2 029,8
Gross profit (loss)	-637.7	-907.2	-2 772.9	-4 254,8
Net profit (loss)	-637.7	-907.2	-2 772.9	-4 254,8

Selected cash flow statement data:

	in '000 €		in '000 PLN	
	Year 2023	Year 2022	Year 2023	Year 2022
Net profit (loss)	-637.7	-907.2	-2 772.9	-4 254.8
Net cash flow from operating activities	377.6	-95.4	1 641.8	-447.5
Net cash flows from investment activities	-487.9	-45.9	-2 121.3	-215.1
Net cash flow from financial activities	67.1	166.6	291.9	781.2
Cash closing balance	1.0	40.9	4.3	191.9

1.8 Financial standing

1.8.1 Predicted financial situation

As already presented in the current report ESPI 2/20214 of February 13, 2023, the Company started the transformation process in 2024, which is aimed at achieving profitability at the EBITDA level. The elements of the Company's transformation include not only changes in sales processes and cost reduction, but also mitigating the risk resulting from the Company's high debt. Started in February this year the proceedings for approval of the arrangement with creditors, after talks with creditors and voting on the arrangement (with a positive result), ended with the submission (on May 13, 2024) of an application to the court for approval of the arrangement. The application is currently being processed by the Court.

The cost optimization carried out should have a positive impact on the results already in the second quarter of 2024. One of the key factors in improving results, apart from cost optimization, is introducing changes in sales processes that will allow for an increase in sales. The leading role in this assumption is played by a new sales strategy based on AI Fashion Stylist products and the upselling of current products from the CDXP group to new customers (described in more detail in the above-mentioned current report).

1.8.2 Financial forecasts

The Company did not issue any financial projections for 2023.

1.9 Operating risks

1.9.1 Risks associated with personal data processing

From the personal data processing point of view, the basic service we provide to our customers can rely on three models. In the first, we do not process any personal data of anyone using our customers' websites, as such websites only use cookies, including a cookie to collect information about user behavior (and this cookie file only identifies a browser, not its specific user). In the second, we might process personal data as the service we provide to our customers might associate cookies with e-mail addresses of persons using our customers' websites, and use this information to link shopping history and preferences to specific users. Data gathered this way, and processed by our proprietary software, is used to offer tailored shopping recommendations to specific users. In the third, which works similarly to the second, personal data is also processed, but shopping recommendations are submitted to the e-mail addresses of the end users of our customers' websites. These stores are solely responsible for the processing of their customers' personal data, hence our risk is negligible here.

Nevertheless, we are required to ensure legal compliance as we process other personal data, and especially the personal data of our employees, associates, and business partners.

As a company, we need to fulfil the requirements provided for, e.g. in Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC (General Data Protection Regulation), and the Personal Data Protection Act, which impose a number of requirements on personal data controllers and specify conditions for personal data processing. Our customers are subject to the requirements defined in the GDPR, which is directly applicable across the EU and in relation to data processing within the EU. The GDPR defines such rules for personal data processing as legitimacy, fairness, transparency, limitation of data processing, data minimization, correctness, limited time of data processing, integrity, confidentiality, and accountability. Moreover, the GDPR introduces a number of rights for persons whose data is being processed. The GDPR places more responsibility on personal data controllers and entities processing data on behalf of such controllers, as well as laying out how data can be transferred to third countries, such as the USA, and imposing fines on controllers and data processing entities for violations of GDPR provisions. Furthermore, under the GDPR, supervisory authorities in EU Member States are authorized to introduce temporary or permanent limitations on such processing, or even forbidding such processing. Data controllers are also required to report any data

breach to supervisory authorities within 72 hours of becoming aware of such breach. And entities processing data on behalf of controllers are required to immediately report any data breach to controllers. Any violation of GDPR regulations is punishable by fines up to EUR 20 million or up to 4% of annual revenue (whichever amount is higher). In addition, GDPR regulations strengthens the rights of people who have suffered some damage as a result of GDPR violation to claim compensation. It is possible that this might increase the number of civil-law claims against data controllers or processing entities. We believe that this might pose the risk of incurring costs related to court actions, including the payment of compensation to people who have suffered damage due to such violation. In the event of a GDPR violation, the Company can, in particular, be required to pay high fines or compensations, which could adversely affect our financial situation, growth prospects, performance, or the market price of our shares.

Since the GDPR and the Personal Data Protection Act have become effective only recently, and personal data protection regulations are EU laws that directly apply within the Republic of Poland, there is a risk as to how these laws will be interpreted, and what court and administrative practices will be adopted and followed here. Consequently, there is a risk that the steps that are now being taken by the Company to protect personal data might be considered wrong or inadequate in the light of future administrative or court decisions, which, in turn, might result in the above-mentioned fines or compensation liability towards natural persons.

1.9.2 Macroeconomic risk

The Company's operations depend on the macroeconomic situation prevailing on the markets where its services are or will be provided, including primarily Poland and the Balkan markets, which are currently the most important for the Company from international markets (40% of sales are currently foreign sales). Therefore, the Company's financial results are influenced by external factors occurring in these countries, such as the economic growth rate, consumption level, fiscal and monetary policy, inflation level, but also political conditions (development of the political situation in the region). Therefore, there is a risk that in the event of social unrest or macroeconomic problems in this part of the European region, the Company may have difficulties achieving the expected revenues.

1.9.3 Risks of diminishing market attractiveness of our products and growing competition

The Company operates on its markets alongside its competitors. Services provided by QuarticOn can be categorized as innovative, state-of-the-art technologies, and this market is likely to experience unpredictable, major, and dynamic developments, also in relation to competition. Such developments, however, can take the form of new technological or marketing solutions, including those related to the business model adopted to provide and sell services to make them seem more attractive.

While our services continue to be competitive, the ongoing mergers, acquisitions, and other investment processes in these sectors can lead to some major changes, both in terms of our market position, measured as our market share, and our competitive edge, based on the terms and conditions, and prices, of our services. It is possible that a change in business models adopted by our competitors, or some new market developments, will affect our market share, which, in turn, can adversely affect our business operations, growth prospects, financial situation and/or financial performance.

1.9.4 Risks associated with the development of new products and unsuccessful strategy

The market QuarticOn operates on is a relatively young one, and its emergence followed up the rapid development of technology and customers' needs. There is a risk that despite previous analyses and estimations related to our potential and market expectations, the launching of new products will not be met with sufficient enthusiasm from our customers, and new products will attract less users than we hope for. Therefore, the money we have spent on the development of new products might produce less profit than we expect and negatively affect our financial standing.

Taking into account the above-mentioned risks, the Company may be forced to quickly adapt the adopted development strategy to changing market conditions and modify (or change) the products offered in such a way as to satisfy both customer needs and build the Company's profitability to the greatest extent possible..

QuarticOn regularly reviews its development strategy to adapt it to any changing internal or external conditions. Nevertheless, there is a risk that this strategy might not be fully successful, which could affect our operations, financial situation, growth prospects, performance, or the market price of our shares.

1.9.5 Technological and market-change-related risks

We operate in an industry that undergoes many, frequent, and major changes in relation to the available and applied technologies, designed either to upgrade the existing products or to launch new ones. Even though we continuously and regularly monitor the market for any possible technological developments, it is possible that the technologies on which we rely in our operations will become obsolete for us and/or our customers.

In order to be able to operate successfully on this market, we need to incur considerable R&D costs. But despite such costs, the Company is unable to guarantee that our product and software development strategy will be successful. This is due to such reasons as:

- in order to adapt to rapid technological advancements, we might need to incur higher costs than those we are able to bear,
- as new technologies appear alongside the existing ones, we might need to spread our funds more thinly across different projects.

Industry standards on our market are changing constantly, as services transform and product availability fluctuates. Should we find ourselves unable to quickly accommodate to these changes, our competitive position, as well as financial situation and growth prospects, will suffer.

1.9.6 Risks related to a lower profitability of projects developed by the company as part of its R&D

The market QuarticOn operates in is a relatively young one, and its emergence followed up the rapid development of technology and customers' needs. New products that we are now developing (such as smart search, new mailing modules, and plug-ins for new e-commerce platforms) are based on our analysis of market needs. There is a risk that despite previous analyses and estimations related to our potential and market expectations, the launching of new products will not be met with sufficient enthusiasm from our customers, and new products will attract less users than we hope for. Therefore, the money we have spent on the development of new products might produce less profit than we expect and negatively affect our financial standing.

In addition, as a market, advanced technologies are characterized by a large degree of unpredictability and volatility. So, given the aforementioned rapid technological advancement, the Company is facing the risks associated with the need to be able to quickly adapt our strategy to changing market conditions, and to modify, or adjust, our products to better meet the needs of our customers and make the Company as profitable as possible at the same time.

But there is a risk that the Company will not see the expected return on those projects, which might force it to make further write-offs in the future.

On December 27, 2021, the Company signed an agreement with the National Center for Research and Development to co-finance the project "Development of advanced algorithms and artificial intelligence methods in the field of analysis and modeling of fashion styles in the form of a self-learning system of recommendations and composition of fashion styling from individual garments on the basis of given style patterns" under Sub-measure 1.1.1 of the Intelligent Development Operational Program 2014-2020 on co-financing of the project. The company implements the project in accordance with the application and the provisions of the contract. It also exercises the utmost diligence in the implementation of the project in subsequent periods. However, the risk that an unforeseen situation may occur in the future, the result of which may be the need to return a part of the received funding or a reduction in the level of funding, cannot be ruled out. The reasons for such a situation may be, inter alia, significant changes on the market and the resulting necessity to modify the expenditure plan, some of which, in extreme cases, may be considered by the financing party as ineligible expenditure or ownership changes in the Company, leading to a change in the qualification of the Company as an SME.

1.9.7 Risks of serious cash-flow interruptions and loss of financial liquidity

Liquidity risk is related to the Company's current ability to settle its liabilities and the result of the Court's consideration of the application for approval of the arrangement. The former will decrease as the scale of sales increases and costs are optimized, so the issue of approval of the arrangement is crucial. Failure in this respect will force the Company to take much more radical restructuring steps.

Risks related to technological changes on the market, increased competition and lower scale of revenues obtained from the services provided may lead to reduced revenues and disruption of liquidity. An opportunity to eliminate this risk is to obtain additional financing, which will allow for a faster recovery of sales.

1.9.8 Going concern risk

On February 13, 2024, the Company opened proceedings for the approval of the arrangement (reference number WA1M/GRz-nu/70/2024). After three months of talks with creditors, which ended with a vote on the arrangement with a positive result, on May 13, 2024, the Company submitted an

application to the court for approval of the arrangement. At the time of publication of this report, the application is still under consideration.

The financial statements for 2023 were prepared on the assumption of going concern. The Management Board emphasizes that although the net result achieved in 2023 is much better than last year, the Company recorded negative capital. One of the main reasons for this situation is the lower than planned sales level achieved in 2023.

The Company's negative capital obliges the Company's Management Board to indicate the most important risks related to the Company's further operations, which are:

- the need for the shareholders' meeting to adopt a resolution pursuant to Article 397 of the Commercial Companies Code on the continued existence of the entity,
- implementation of assumptions related to the transformation of the Company, especially in terms of rebuilding sales and implementing the provisions of the arrangement agreement (if approved by the court)
- preparation of an alternative restructuring scenario if the application is rejected by the Court
- obtaining sources of financing for further development (share issue, debt financing).

A significant risk is the situation in which the court does not approve the application for approval of the arrangement. This will necessitate the development of an alternative path to restructuring the Company, the sale of its assets, and in extreme cases, the Company will be declared bankrupt.

1.10 Shareholders at the end of 2023

To the best of Company's knowledge, at the end of 2023, QuarticOn has the following shareholders:

Shareholders	Number of shares *	Share percentage
Venture FIZ	1 249 300	49,5%
CBNC Capital Solutions Ltd.	180 000	7,1%
Paweł Wyborski	173 361	6,9%
ACATIS Investment KVG mbH	240 800	9,5%
Others	678 839	26,9%
Total	2 522 300	100,0%

** All Class A, B, C, D, E, F, G, H and J shares

** Including key employees (ESOP)

As at the date of publication of this report, to the best of the Company's knowledge, the shareholding structure of QuarticOn is shaped by is as follows:

Shareholders	Number of shares *	Share percentage
Venture FIZ	1 249 300	49,5%
CBNC Capital Solutions Ltd.	180 000	7,1%
Paweł Wyborski	171 766	6,8%
ACATIS Investment KVG mbH	240 800	9,5%
Others **	680 434	27,0%
Total	2 522 300	100,0%

* All Class A, B, C, D, E, F, G, H and J shares

** Including key employees (ESOP)

The company does not have its own shares.

1.11 Other information

1.11.1 Employment

The average employment in the Company - calculated as full-time equivalents - was 17.5 full-time positions (compared to 19.73 in 2022).

1.11.2 Salaries for the Management Board and Supervisory Board

In 2023, the sum of salaries for the Members of the Management Board was EUR 117k. In 2023, Supervisory Board members did not receive any salary.

1.11.3 Financial auditor fee

The expert auditor's fee for the 2023 audit was EUR 4.6k (statutory audit, the statutory auditor did not provide other services)

1.11.4 Authorized advisor fee

N/a.

1.11.5 Basis for the financial statement

This **2023 Annual Report by QuarticOn** was prepared pursuant to § 5 Sections 6.1. – 6.3. Appendix 3 to the Alternative Trading System Rules: Current and periodic information communicated through the alternative trading system on the NewConnect market.

The financial statement was prepared pursuant to the Accounting Act of 29 September 1994 (consolidated text, Journal of Laws of 2019, item 351), hereinafter “the Act”, and secondary legislation thereto, which specifies, e.g., accounting standards for businesses based in, or managed from, the Republic of Poland.

Accounting records are kept according to the historical cost principle (items in the balance-sheet and financial result were valued pursuant to the Accounting Act), so the effect of inflation is not accounted for. The Company aggregates its costs by type and prepares its Profit and Loss Account using a single-step/comparative version. The figures in our financial statement in its original version are in PLN and for the English issue were recalculated on EUR using foreign exchange rates presented at the beginning of the Report . For reference purposes, we provided financial data for the previous financial year from 1 January 2022 to 31 December 2022.

1.11.6 Indicators and definitions

Wskaźnik	Źródło danych	Sposób obliczania	Użyteczność
EBITDA (based on result on sales)	Accounting system	Profit on sales plus depreciation	This indicator is used by QuarticOn for quarterly reporting – it is an approximate figure for profit from the Company’s direct current business, which excludes any one-off accounting events (e.g. write-offs, revaluations of some reserves, typically made once a year at the end of December and covering an entire year, or past periods). Consequently, monthly or quarterly results are more comparable in the short term
EBITDA (based on operating profit)	Accounting system	Operating profit plus depreciation (reduced by interest charges and taxes)	QuarticOn uses this indicator for annual reporting. It reflects the Company’s profit from its direct business, including any write-offs and revaluations of reserves for other operating revenues and costs over a given year

Churn	Accounting and invoicing system	Total latest-month revenue from customers who stopped using the Company's services in the previous month relative to the previous month's total sales	This indicator provides an approximate figure for sales lost due to customers' leaving the Company. While there is no single benchmark, the lower the rate, the better
Result on operating activities	Accounting system	Result on sales plus other operating revenues less other operating costs	The company unifies the terms used: result on operating activities (in short: operating result or EBIT)

1.12 Management Board' declarations

1.12.1 Declaration by the management board about the integrity and compliance of the financial statement and reference data

The Management Board of QuarticOn S.A hereby declares that, to the best of its knowledge, the financial statement and reference data comply with the regulations applicable to the Company and provide a true, reliable and clear account of the economic and financial situation of the Company and its financial result, and the Operating Report of the Company provides a true picture of the situation in the Company, including major risks.

1.12.2 Declaration by the management board about the audit company being legally selected to audit its annual financial statement

The Management Board of QuarticOn S.A hereby declares that it selected the audit company to audit its financial statements in compliance with the applicable law, and that the audit company and the audit team were in a position to prepare a fair and unbiased report from the audit of the annual financial statement in line with the applicable law, professional standards, and integrity.

1.12.3 **Statement on the application of corporate governance in 2023**

The Management Board of QuarticOn S.A. declares that in 2023 it applied the principles of corporate governance and good practices of companies listed on NewConnect, in accordance with the scope specified in the EBI current report no. 4/2019 of January 30, 2019. According to the content of the aforementioned current report, last year the Company complied with the recommendations indicated therein, with the exception of point 11 (*At least twice a year, the issuer, in cooperation with the Authorized Adviser, should organize a publicly available meeting with investors, analysts and the media*) - in 2023, no public meetings with investors or media were held. Nevertheless, the Company informs the market on an ongoing basis about key events taking place in the Company through current reports, organizes webinars and is active in social media, therefore the Company does not identify significant effects of failure to apply this principle.

Management Board of QuarticOn S.A.

Michał Giergielewicz
CFO

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**Financial statement
for January 1st 2023
to December 31, 2023**

2.1 Introduction to the financial statement

2.1.1 Entity data

Name	QuarticOn Spółka Akcyjna
Registered office	00-844 Warszawa, 80/82 Grzybowska Street
NACE codes describing the entity's core activities	62001Z
Tax identification number:	NIP 5213608082
Number in the relevant court register	KRS 0000715276

2.1.2 Duration of the entity, if not perpetual

Not applicable.

2.1.3 Period covered by the financial statements

Financial statements drawn up for the period from 01.01.2023 to 31.12.2023

2.1.4 Indication whether the financial statements contain combined data

These financial statements contain no combined data.

2.1.5 Assumption of going concern

Financial statements prepared on the assumption that the entity will continue as a going concern. Nevertheless, negative equity and the application for approval of the arrangement pending before the court oblige the Company's Management Board to indicate the most important risks related to the further operations of the Company, i.e.:

- about the need for the shareholders' meeting to adopt a resolution pursuant to Article 397 of the Commercial Companies Code on the continued existence of the entity

- for the implementation of assumptions related to the transformation of the Company, especially in the field of sales reconstruction and implementation of the provisions of the arrangement approval proceedings (after the application is approved by the Court)
- for the preparation of an alternative restructuring scenario in the event that the application is rejected by the Court
- obtaining sources of financing for further development (share issue, debt financing).

2.1.6 **Information on mergers**

Not applicable.

2.1.7 **Accounting policy**

Overview of the adopted methods of valuation of assets and liabilities (including amortization and depreciation):

The accounting rules applicable to the respective balance sheet items and the profit and loss account are presented below.

Tangible fixed assets and intangible assets

Tangible fixed assets and intangible assets are recognized according to purchase prices less amortization write-offs and impairment losses.

The purchase price of fixed assets also includes the cost of servicing debt incurred to finance them for the period of assembly and adaptation and the related exchange rate differences less any revenues generated in this way. The purchase price of a fixed asset is increased by its improvement costs, involving reconstruction, modernization and development, resulting in the value in use of that fixed asset after improvement being higher than its value at the time of putting into service.

Foreign tangible fixed assets in use brought into use on the basis of a lease contract are recognized as fixed assets if the contract meets the conditions specified in Art. 3 par. 4 of the Accounting Act.

If a tangible fixed asset or intangible asset in use is put into liquidation, withdrawn from use or other reasons cause its impairment, a revaluation write-down is charged to other operating expenses. If the reason for which impairment losses are recognized for tangible fixed assets in use and intangible assets is no longer applicable, the equivalent of all or the relevant part of the already made impairment write-down increases the value of a given asset and is recognized accordingly under other operating revenues.

The straight-line method is used for depreciation. In determining the period of depreciation and the annual depreciation rate, the useful economic life of a tangible fixed asset in use and intangible asset is taken into account. The correctness of the assumed periods and amortization rates shall be periodically verified. The values presented below define the standard depreciation rates, but in justified cases, taking into account the useful life, the Management Board may decide to use an individualized depreciation rate.

The Management Board determines the depreciation period and rate for intangible assets pursuant to Art. 33 of the Accounting Act, taking into account their useful economic life:

- R&D expenses 20%
- other 50%

The Company uses the following depreciation rates for the basic groups of tangible fixed assets in use:

- buildings, premises, civil and water engineering structures 2.5%
- technical equipment and machines 10% – 30%
- vehicles 20%
- other tangible fixed assets in use 2.5% – 30%

Tangible fixed assets in use include tangible fixed assets with the expected useful economic life longer than a year and purchase price exceeding EUR 2,132,24 (PLN 10,000).

Tangible fixed assets in use in group 491 (computers and computer hardware) with a value higher than EUR 319.84 (PLN 1,500) and lower than EUR 2,132.24 (PLN 10,000) are depreciated on a one-off basis (write-off of 100% of the initial value) in the month in which they are put into use.

Tangible fixed assets under construction are recognized at the amount of total costs directly related to their purchase, less impairment losses.

Tangible fixed assets under construction are not depreciated until their construction is completed and they are put into use.

Investments

Investments include assets acquired to achieve economic gain arising from the increase in value of these assets, obtaining revenues on them in the form of interest, dividends (shares in revenues) or other benefits, including from commercial transactions and, in particular, financial assets and those real property assets and intangible assets, which are not used by the Company, but were acquired to achieve such gain.

Real property and intangible assets included under investments are recognized according to the principles applied for tangible fixed assets in use and intangible assets.

Shares in other subsidiary entities are recognized at their purchase price, taking into account potential depreciation.

Receivables

Receivables are recognized as the amount due, applying the principle of prudent valuation, and provided as net values (less any write-downs).

The value of receivables is subject to periodic revaluation, taking into account the probability of their being paid by making a write-down. Uncollectible receivables are receivables overdue by more than 1 year, where the debtor has suspended its activities, declared bankruptcy or has been put into liquidation. Write-downs are also made on receivables claimed in court. Write-downs are recognized accordingly under other

operating or financial expenses, depending on the type of receivable subject to a given write-down. Redeemed, overdue or uncollectible receivables reduce the previously made write-downs. As for redeemed, overdue or uncollectible receivables for which no write-downs have been made, the write-down is charged directly to other operating expenses.

Inventory

The value of inventory is determined on the basis of the purchase price, while inventory issue is recognized using the first-in first-out method.

Inventory is recognized in the balance sheet as a net value, i.e. less the value of write-downs from their valuation according to net sales prices.

Cash and cash equivalents

Cash in hand and at bank is recognized according to its nominal value.

Deferred and accrued expenses

Deferred expenses are recognized in relation to the costs incurred relating to future reporting periods. This item also includes R&D expenses, which will constitute intangible assets after completion.

Accrued expenses are recognized in the amount of probable liabilities for the current reporting period, arising in particular from:

- services provided to the entity by the entity's contracting parties, where the amount of the receivable can be reliably estimated,
- the obligation to perform future services connected with current activities, the amount of which can be estimated even though the date of incurring the liability is not yet known, including due to guarantee repairs and warranty for the long-term use products sold.

Equity

The share capital is expressed as the amount specified in the agreement and entered in the court register. The stated outstanding share capital contributions are recognized as outstanding share capital contributions.

Supplementary capital is made up of additional payments made by shareholders.

Reserve capital is made up of the distribution of previous years' profit.

Provisions for liabilities

Provisions for liabilities are expressed at a justified, reliably estimated value.

Provisions are created for:

- certain or highly probable future liabilities, the amount of which can be estimated in a reliable manner and, in particular, for losses on ongoing business transactions,

including due to provided guarantees, sureties, lending operations, and results of ongoing judicial proceedings.

- unused employees' holiday entitlements

Liabilities

Liabilities are recognized at the amount due.

Deferred and accrued revenues

Deferred and accrued revenues are recognized taking into account the principle of prudent valuation and cover the equivalent of the funds received or due from contracting parties for services to be performed in future reporting periods.

Deferred income tax

The Company has decided not to determine the assets and provisions for deferred income tax, as there is a tax loss for previous years, which will be settled with the tax office under corporate income tax.

Financial result determinations:

Recognizing revenue

Revenues on sales are recognized at the time of supplying goods or providing services. Sales are expressed as net values, i.e. excluding goods and services tax and all discounts.

Cost

The incurred costs are recognized in the profit and loss account for comparison with revenue in the period to which they refer.

Management Board estimates

Drawing up financial statements requires the Management Board of the Company to make certain estimates and assumptions, which are reflected in the financial statements and in the notes and explanations. Actual results may differ from estimates. The Management Boards' estimates relate to, i.a., write-downs, provisions, prepayments and accruals and the adopted amortization and depreciation rates and deferred taxes.

Transactions in foreign currencies

Transactions expressed in foreign currencies other than the Polish zloty are converted into Polish zloty using:

- the exchange rate actually applied on that day, arising from the nature of the operation – for the sale or purchase of currencies or the payment of amounts due or liabilities;
- the average exchange rate announced for a given currency by the National Bank of Poland for the day preceding that day – in the case of payment of amounts

due or liabilities, if it is not justified to use the exchange rate provided for in 1, as well as for other operations.

As at the balance sheet date, the assets and liabilities expressed in currencies other than the Polish zloty are converted into Polish zloty according to the average exchange rate determined for a given currency by the National Bank of Poland for that day. The exchange rate differences from conversion are recognized in the item of revenues or financial expenses, respectively, or, in cases specified by law, capitalized in the value of assets.

Disposals of currencies are recognized using the first-in first-out method.

The following exchange rates were adopted in the financial statements for the purposes of valuation:

31.12.2023

- EUR 1 = 4.3480 (NBP exchange rate table No. 251/A/NBP/2023 of 29.12.2023)
- USD 1 = 3.9350 (NBP exchange rate table No. 251/A/NBP/2023 of 29.12.2023)
- CZK 1 = 0.1759 (NBP exchange rate table No. 251/A/NBP/2023 of 29.12.2023)
- GBP 1 = 4.9997 (NBP exchange rate table No. 251/A/NBP/2023 of 29.12.2023)

31.12.2022

- EUR 1 = 4.6899 (NBP exchange rate table No. 252/A/NBP/2022 of 30.12.2022)
- USD 1 = 4.4018 (NBP exchange rate table No. 252/A/NBP/2022 of 30.12.2022)
- CZK 1 = 0.1942 (NBP exchange rate table No. 252/A/NBP/2022 of 30.12.2022)
- GBP 1 = 5.2957 (NBP exchange rate table No. 252/A/NBP/2022 of 30.12.2022)

Financial result

The financial result is composed of:

- result on operating activities, including on other operating revenues and costs,
- net financial result,
- obligatory encumbrance of financial result due to income tax whose payer is the Entity.

Drawing up the financial statements:

These financial statements were drawn up in accordance with the Accounting Act of 29 September 1994 (consolidated text, Journal of Laws of 2019, item 351), hereinafter referred to as “the Act” and the secondary legislation issued on its basis, which defined, inter alia, the accounting principles for entities having their registered offices or places of management on the territory of the Republic of Poland.

Accounting entries are made according to historical cost accounting, due to which the impact of inflation is not taken into account.

The company recognizes costs by type and draws up its profit and loss account in the single-step variant.

Numerical data in the financial statements are presented in Polish zloty. For English edition of the Annual Report the mentioned above exchange rates were used.

Financial data for the previous financial year, covering the period from 01.01.2021 to 31.12.2021 are presented as comparative data.

The Management Board:

The Members of the Board of the Company, during the financial year were:

- Paweł Wyborski - President of the Management Board ([till May 16, 2024](#))
- Michał Giergielewicz - Member of the Management Board – CFO

2.1.8 Additional information

Not applicable.

2.2 Balance sheet

2.2.1 Assets

Items in '000 Euro		As of 31.12.2023	As of 31.12.2022
A.	Fixed assets	772.0	687.4
I.	Intangible and legal assets	769.3	684.7
1.	R&D expenses	769.3	684.7
2.	Goodwill	0.0	0.0
3.	Other intangible assets	0.0	0.0
4.	Advances for intangible assets	0.0	0.0
II.	Tangible fixed assets	0.6	0.8
1.	Tangible fixed assets in use	0.6	0.8
a)	land (including right to perpetual usufruct)	0.0	0.0
b)	buildings. premises. civil and water engineering structures	0.0	0.0
c)	technical equipment and machines	0.6	0.8
d)	means of transport	0.0	0.0
e)	other tangible fixed assets	0.0	0.0
2.	Tangible fixed assets under construction	0.0	0.0
3.	Advances for tangible fixed assets under construction	0.0	0.0
III.	Long-term receivables	0.0	0.0
1.	From related parties	0.0	0.0
2.	From other parties, in which the company holds capital commitment	0.0	0.0
3.	From other parties	0.0	0.0
IV.	Long-term investments	1.2	1.1
1.	Real property	0.0	0.0
2.	Intangible and legal assets	0.0	0.0
3.	Long-term financial assets	1.2	1.1
a)	in related parties	1.2	1.1
b)	in other parties. in which the company holds capital commitment	0.0	0.0
c)	in other parties	0.0	0.0
4.	Other long-term investments	0.0	0.0
V.	Long-term prepayments	0.9	0.9
1.	Deferred tax assets	0.9	0.9
2.	Other prepayments	0.0	0.0
B.	Current assets	165.2	255.7
I.	Inventory	0.7	0.0
1.	Materials	0.0	0.0
2.	Intermediate products and work in progress	0.0	0.0
3.	Finished products	0.0	0.0
4.	Goods	0.0	0.0
5.	Advances for deliveries and services	0.7	0.0
II.	Short-term receivables	163.0	187.1
1.	Receivables from related parties	0.0	0.0
a)	trade receivables. maturing:	0.0	0.0

Items in '000 Euro		As of 31.12.2023	As of 31.12.2022
	- up to 12 months	0.0	0.0
	- over 12 months	0.0	0.0
b)	other	0.0	0.0
2.	Receivables from other entities in which the company holds capital commitment	0.0	0.0
a)	trade receivables, maturing:	0.0	0.0
	- up to 12 months	0.0	0.0
	- over 12 months	0.0	0.0
b)	other	0.0	0.0
3.	Receivables from other entities	163.0	187,1
a)	trade receivables, maturing:	67,6	89,2
	- up to 12 months	67,6	89,2
	- over 12 months	0,0	0,0
b)	receivables from tax, subsidies, customs, social security and other benefits	88,2	66,1
c)	other	7,3	31,7
d)	claimed at court	0,0	0,0
III.	Short-term investments	1.0	40,9
1.	Short-term financial assets	1.0	40,9
a)	in related parties	0,0	0,0
b)	in other parties	0,0	0,0
c)	cash and other pecuniary assets	1,0	40,9
2.	Other short-term investments	0.0	0.0
IV.	Short-term prepayments	0.5	27,7
C.	Called up share capital not paid	0.0	0,0
D.	Own shares (stocks)	0.0	0,0
Total Assets		937.2	943.2

2.2.2 Liabilities

Items in '000 Euro		As of 31.12.2023	As of 31.12.2022
A.	EQUITY	-777.8	-113.3
I.	Share capital	58.0	53.8
II.	Supplementary capital, including	5 219.7	4 839.2
	- share (stock) premium	5 219.7	4 839.2
III.	Revaluation reserve, including:	0.0	0.0
	- from fair value adjustment	0.0	0.0
IV.	Other reserve capitals	51.9	64.6
	- created in accordance to articles of incorpor. of the Company	0.0	0.0
	- on own shares (stocks)	0.0	0.0
	- share capital in registration in National Court Register	0.0	0.0
V.	Profit (loss) from previous years	-5 469.7	-4 163.7
VI.	Nett profit (loss)	-637.7	-907.2
VII.	Write-off on net profit during the financial year (negative value)	0.0	0.0
B.	Liabilities and provisions for liabilities	1 715.0	1 056.5
I.	Provisions for liabilities	8.8	22.7

Items in '000 Euro		As of 31.12.2023	As of 31.12.2022
1.	Provision for deferred income tax	0.9	0,9
2.	Provision for retirement and similar benefits	7.9	21,8
	- long-term	0.0	0,0
	- short-term	7.9	21,8
3.	Other provisions	0.0	0,0
	- long-term	0.0	0,0
	- short-term	0.0	0,0
II.	Long-term liabilities	0.0	0,0
1.	To related parties	0.0	0,0
2.	To other parties in which the company holds capital commitment	0.0	0,0
3.	To other parties	0.0	0,0
a)	credits and loans	0.0	0,0
b)	arising from issuance of debt securities	0.0	0,0
c)	other financial liabilities	0.0	0,0
d)	liabilities on bills of exchange	0.0	0,0
e)	Other	0.0	0,0
III.	Short-term liabilities	1 381.2	904,9
1.	To related parties	1.2	1.1
a)	trade liabilities maturing:	0,0	0,0
	- up to 12 months	0,0	0,0
	- over 12 months	0,0	0,0
b)	Other	1,2	1,1
2.	To other parties in which the company holds capital commitment	0.0	0.0
a)	trade liabilities maturing	0.0	0.0
	- up to 12 months	0.0	0.0
	- over 12 months	0.0	0.0
b)	other	0.0	0.0
3.	To other parties	1 380.1	903,8
a)	credits and loans	238,2	139,7
b)	arising from issuance of debt securities	0,0	0,0
c)	other financial liabilities	0,0	0,0
d)	trade liabilities. maturing:	756,0	595,6
	- up to 12 months	756,0	595,6
	- over 12 months	0,0	0,0
e)	received advances for deliveries	0,0	0,0
f)	liabilities on bills of exchange	0,0	0,0
g)	tax. customs. insurance and other liabilities	262,9	97,3
h)	payroll liabilities	94,2	33,1
i)	other	28,8	38,3
4.	Special funds	0.0	0.0
IV.	Accruals	325.0	128,8
1.	Negative goodwill	0.0	0.0
2.	Other accruals	325.0	128.8
	- long-term	0.0	0.0
	- short-term	325.0	128.8
Total Liabilities		937.2	943.2

2.2.3 Profit and loss account

Items in '000 Euro		YTD 2023	YTD 2022
A.	Net revenue from sales	735.8	824.4
	from related parties	0.0	0.0
I.	Net revenue from sales of products	735.8	824.4
II.	Change in the balance of products (increase - positive value, decrease - negative value)	0.0	0.0
III.	Costs of manufacturing products for internal purposes	0.0	0.0
IV.	Net revenue from sales of goods and materials	0.0	0.0
B.	Operating expenses	1 506.8	1 942.0
I.	Amortisation and depreciation	445.9	432.8
II.	Consumption of materials and energy	13.9	8.2
III.	External services	572.2	821.2
IV.	Taxes and charges, including:	10.4	6.3
	- excise duty	0.0	0.0
V.	Payroll	391.9	572.5
VI.	Social security and other benefits, including:	55.6	86.8
	- retirement benefits	0.0	40.5
VII.	Other prime costs	17.1	14.2
VIII.	Value of goods and materials sold	0.0	0.0
C.	Profit (loss) on sales (A - B)	-771.0	-1 117.6
D.	Other operating revenues	165.8	265.4
I.	Gain on disposal of non-financial fixed assets	0.0	0.3
II.	Subsidies	163.4	265.0
III.	Other operating revenues	0.0	0.0
IV.	Other operating revenues	2.3	0.1
E.	Other operating expenses	32.7	40.1
I.	Loss on disposal of non-financial fixed assets	0.0	0.0
II.	Revaluation of non-financial assets	11.5	27.3
III.	Other operating expenses	21.2	12.8
F.	Profit (loss) on operating activities (C+D-E)	-637.9	-892.4
G.	Financial revenues	35.9	1.0
I.	Dividend and profit sharing, including:	0.0	0.0
	a) from related parties, including:	0.0	0.0
	- those in which the company holds capital commitment	0.0	0.0
	b) from other parties, including:	0.0	0.0
	'- those in which the company holds capital commitment	0.0	0.0
II.	Interest, including:	0.0	1.0
	- from related parties	0.0	0.0
III.	Revenue from disposal of financial assets, including:	0.0	0.0
	- in related parties	0.0	0.0
IV.	Revaluation of financial assets	0.0	0.0
V.	Other	35.8	0.0

Items in '000 Euro		YTD 2023	YTD 2022
H.	Financial expenses	35.7	15.9
I.	Interest, including: - for related parties	23.4 0.0	8.1 0.0
II.	Loss on disposal of financial assets, including: - for related parties	0.0 0.0	0.0 0.0
III.	Revaluation of financial assets	0.0	0.0
IV.	Other	12.3	7.8
I.	Gross profit (loss) (F+G-H)	-637.7	-907.2
J.	Income tax	0.0	0.0
K.	Other statutory reductions in profit (increases in loss)	0.0	0.0
L.	Net profit (loss) (I-J-K)	-637.7	-907.2

2.2.4 Statement of changes in equity

Items in '000 Euro		As of 31.12.2023	As of 31.12.2022
I.	Opening balance of equity (OB)	-122.2	583.5
	a) changes in accounting principles	0.0	0.0
	b) corrections of basic errors	0.0	0.0
	c) capital increases	0.0	0.0
I.a.	Opening balance of equity (OB) after adjustments	-122.2	583.5
1.	Opening balance of share capital	58.0	29.9
	1.2. Closing balance of share capital	58.0	53.8
2.	Opening balance of called up share capital	0.0	0.0
	2.1. Changes in called up share capital	0.0	0.0
	a) increase (due to)	0.0	0.0
	- called up share capital not paid	0.0	0.0
	b) decrease (due to)	0.0	0.0
	2.2. Closing balance of called up share capital	0.0	0.0
3.	Opening balance of own shares	0.0	0.0
	3.1. Increase in own shares	0.0	0.0
	3.2. Closing balance of own shares	0.0	0.0
4.	Opening balance of supplementary capital	5 219.7	3 993.1
	4.1. Changes in supplementary capital	0.0	846.1
	4.2. Closing balance of supplementary capital	5 219.7	4 839.2
5.	Opening balance of revaluation reserve	0.0	0.0
	5.1. Changes in revaluation reserve	0.0	0.0
	5.2. Closing balance of revaluation reserve	0.0	0.0
6.	Opening balance of other reserve capitals	69.7	724.1
	6.1. Changes in other reserve capitals	-17.8	-659.5
	6.2. Closing balance of other reserve capitals	51.9	64.6

Items in '000 Euro		As of 31.12.2023	As of 31.12.2022
7.	Opening balance of previous years' profit (loss)	-5 469.7	-4 163.7
	7.1. Opening balance of previous years' profit	-5 469.7	-4 163.7
	a) changes of adopted accounting principles	0.0	0.0
	b) adjustments of fundamental errors	0.0	0.0
	7.2. Opening balance of previous years' profit after reconciliation to comparable data	-5 469.7	-4 163.7
	7.3. Closing balance of previous years' profit	0.0	0.0
	7.4. Opening balance of previous years' loss	-5 469.7	-4 163.7
	a) changes of adopted accounting principles	0.0	0.0
	b) adjustments of fundamental errors	0.0	0.0
	7.5. Opening balance of previous years' loss after reconciliation to comparable data	-5 469.7	-4 163.7
	7.6. Closing balance of previous years' loss	-5 469.7	-4 163.7
	7.7. Closing balance of previous years' profit (loss)	-5 469.7	-4 163.7
8.	Net result	-637.7	-907.2
	a) net profit	0.0	0.0
	b) net loss	-637.7	-907.2
	c) write-offs on profit	0.0	0.0
II.	Closing balance of equity (CB)	-777.8	-113.3
III.	Equity including proposed profit distribution (loss coverage)	-777.8	-113.3

2.2.5 Cash flow statement

Items in '000 Euro		2023	2022
A.	A. Cash flow from operating activities - indirect method		
I.	I. Net profit (loss)	-637.7	-907.2
II.	II. Total adjustments	1 015.4	811.8
	1. Amortisation and depreciation	445.9	432.7
	2. Profit (loss) from differences of exchange rates	0.0	0.4
	3. Interest and profit sharing (dividend)	21.8	13.2
	4. Profit (loss) on investment activities	11.5	27.0
	5. Change in provisions	-15.7	-55.3
	6. Changes in inventory	-0.7	0.0
	7. Change in the balance of receivables	38.8	-47.7
	8. Change in short-term liabilities excluding credits and loans	301.5	342.1
	9. Change in prepayments and accruals	215.4	99.2
	10. Other adjustments	-3.2	0.0
III.	III. Net cash flow from operating activities (I+/-II)	377.6	-95.4
B.	B. Cash flows from investment activities	0.0	0.0
I.	I. Inflows	0.0	0.3
	1. Disposal of intangible and legal assets, tangible fixed assets	0.0	0.3
	2. Disposal of investments in real property and in intangible and legal assets	0.0	0.0
	3. From financial assets, including:	0.0	0.0
	a) in related parties	0.0	0.0

Items in '000 Euro		2023	2022
	- disposal of financial assets	0.0	0.0
	- dividends and profit sharing	0.0	0.0
	- repayment of granted long-term loans	0.0	0.0
	- interest	0.0	0.0
	- other inflows from financial assets	0.0	0.0
	b) in other parties	0.0	0.0
	- disposal of financial assets	0.0	0.0
	- dividends and profit sharing	0.0	0.0
	- repayment of granted long-term loans	0.0	0.0
	- interest	0.0	0.0
	- other inflows from financial assets	0.0	0.0
4.	Other inflow from investment activities	0.0	0.0
II.	II. Outflows	487.9	46.2
1.	Purchase of intangible and legal assets, tangible fixed assets	487.9	46.2
2.	Investment in real property, intangible and legal assets	0.0	0.0
3.	For financial assets, including:	0.0	0.0
	a) in related parties	0.0	0.0
	- purchase of financial assets	0.0	0.0
	- long-term loans granted	0.0	0.0
	b) in other entities	0.0	0.0
	- purchase of financial assets	0.0	0.0
	- long-term loans granted	0.0	0.0
4.	Other outflows from investment activities	0.0	0.0
III.	III. Net cash flows from investment activities (I-II)	-487.9	-45.9
C.	C. Cash flows from financial activities	0.0	0.0
I.	I. Inflows	83.5	226.6
1.	Net inflows from issuance of shares and other capital instruments and from capital contributions	0.0	218.4
2.	Credits and loans	83.5	8.2
3.	Issuance of debt securities	0.0	0.0
4.	Other inflows from financial activities	0.0	0.0
II.	II. Outflows	16.3	60.0
1.	Purchase of own shares (stocks)	0.0	0.0
2.	Dividend and payments to stockholders	0.0	0.0
3.	Profit distribution liabilities other than profit distribution payments to stockholders	0.0	0.0
4.	Repayment of credits and loans	0.0	41.6
5.	Redemption of debt securities	0.0	0.0
6.	Payment of other financial liabilities	0.0	0.0
7.	Payment of liabilities arising from financial leases	0.0	0.0
8.	Interest	16.3	10.0
9.	Other outflows from financial activities	0.0	8.4
III.	III. Net cash flow from financial activities (I-II)	67.1	166.6
D.	D. Total net cash flows (A.III+/-B.III+/-C.III)	-43.1	25.3
E.	E. Balance sheet change in cash, including:	-43.1	25.3
-	change in cash due to exchange differences		0.0
F.	F. Cash opening balance	44.1	15.6
G.	G. Cash closing balance (F+/- D), including:	1.0	40.9
-	of limited disposability		1.9

2.2.6 Income tax calculation

Items in '000 Euro		TOTAL 2023	TOTAL 2022
A	Gross profit (loss) for a given year	-637.7	-907.2
B	Tax-exempt income (permanent differences between profit / loss for accounting purposes and income / loss for tax purposes) including:	197.0	269.6
	Others	0.4	0.0
	Positive exchange rate differences on the balance sheet valuation (Article 12 par. 2)	163.4	265.0
	Revaluation of non-financial assets (Article.16. par. 1. point 26. letter a)	33.1	4.6
	- remitted ZUS contributions under the Anti-Crisis Shield	0.0	0.0
C	Non-taxable income in the current year. including:	0.0	0.0
	Others	0.0	0.0
	Reversal of the provision (Article 12 par. 1 point 4 letter e)	0.0	0.0
	Reversal of write-downs (Article 16 par. 1 point 26 a)	0.0	0.0
D	Revenues subject to taxation in the current year. included in the accounting books of previous years. including:	0.0	0.0
	Interest on deposits accrued in 2017 paid in 2018 (Article 16 par. 1 point 11)	0.0	0.0
E	Costs that are not tax-deductible costs (permanent differences between profit / loss for accounting purposes and income / loss for tax purposes). including:	-2.1	-1.0
	Negative exchange differences on balance sheet valuation (Article 15a)	-2.1	-1.3
	Representation (Article 16 par. 1 point 28)	0.0	0.0
	Budget interest (Article 16 par. 1 point 21)	0.0	0.3
	Write-downs of outdated balances (Article 16 par. 1 point 25)	0.0	0.0
F	Costs not recognized as tax deductible expenses in the current year. including:	172.0	515.0
	Others	17.1	14.5
	Interest on loans and bonds (Article 16 par 1 item 11)	5.5	3.7
	Provisions for paid cost (Article 16. par. 1. point 27)	0.0	-21.3
	Write-downs on receivables and intangible assets. (Article 16g. par. 13)	23.9	27.3
	Accounting depreciation (Article 16d. par. 1)		0.00
	Salary. social security contributions (Article 16 par. 1 point 57 a)	0.0	14.6
	Medical packages not used by employees (Article 16)	0.0	0.0
	Commission for loan extension (Article 16)	0.0	0.0
	Insurance policy of management board members (Article 16 par. 1 point 38a)	0.0	0.0
	Commission for loan (Article 16)	0.0	0.0
	Expenditure financed by NCBiR (Article 16 par. 1 point 48a)	111.7	476.2
G	Costs recognized as tax deductible expenses in the current year recognized in previous years' books including:	-13.7	18.7
	Interest paid on loans and bonds (Article 16 par.. 1 point 11)	0.0	0.0
	Salaries. social security contributions (Article 15. par. 4g)	0.0	18.7
	Writing down receivables with probable irrecoverability covered by a write-down in previous years (Article 16 par. 1 point 26a)	0.0	0.0
	others	-13.7	0.0
H	Loss from previous years. including:	0.0	0.0
I	Other changes in the tax base. including:	-0.7	9.8
	others	0.0	0.0
	Tax depreciation in the current year (Article 16d)	0.0	0.0
	Prepayments of deferred income (Article 12 par.. 3a)	-0.7	9.8

J	Income tax base	-651.8	-629.2
K	Income tax	0.0	0.0

Signatures on the financial statements:

Michał Giergielewicz

Katarzyna Dylewska

2.3 Notes And Explanations

Explanations to the Balance Sheet

1.1 Intangible assets

1.1.1 Movements in intangible assets

(in 000 Euro)	Costs of implemented development work	Goodwill	Other intangible assets	Advances on intangible assets	Total
Gross value					
Balance at the beginning of the period	3 984.5	0.0	13.5	0.0	3 997.9
Increase	487.9	0.0	0.0	0.0	487.9
- purchases	0.0	0.0	0.0	0.0	0.0
- other	487.9	0.0	0.0	0.0	487.9
Decrease	0.0	0.0	0.0	0.0	0.0
- Liquidation	0.0	0.0	0.0	0.0	0.0
- other	0.0	0.0	0.0	0.0	0.0
Balance at the end of the period	4 472.3	0.0	13.5	0.0	4 485.8
Redemption					
Balance at the beginning of the period	3 109.7	0.0	13.5	0.0	3 123.2
Increase	445.7	0.0	0.0	0.0	445.7
- depreciation	445.7	0.0	0.0	0.0	445.7
- other	0.0	0.0	0.0	0.0	0.0
Decrease	0.0	0.0	0.0	0.0	0.0
- liquidation	0.0	0.0	0.0	0.0	0.0
- other	0.0	0.0	0.0	0.0	0.0
Balance at the end of the period	3 555.4	0.0	13.5	0.0	3 568.9
Write-downs					
Balance at the beginning of the period	136.2	0.0	0.0	0.0	136.2
Increase	11.5	0.0	0.0	0.0	11.5
- other	11.5	0.0	0.0	0.0	11.5
Decrease	0.0	0.0	0.0	0.0	0.0
- other	0.0	0.0	0.0	0.0	0.0
Balance at the end of the period	147.7	0.0	0.0	0.0	147.7
Net value					
As at 01/01/2023	738.6	0.0	0.0	0.0	738.6
As at 31/12/2023	769.3	0.0	0.0	0.0	769.3

In 2023, QuarticOn completed development work under the "AI Fashion Stylist" project, completing the entire project. The value of expenditures in the amount of EUR 0.49 million was transferred to intangible assets. Completed development work will be amortized over a 5-year period, starting from the month following the date of acceptance.

The Company estimates development work during its duration based on the working time of individual persons involved in the projects and their remuneration. In the case of the AI Fashion Stylist project, in accordance with the actual expenses incurred for the project.

A current list of projects (development work) with commentary is included in Annex No. 1.

1.2 Tangible fixed assets

1.2.1 Movements in tangible fixed assets

(in 000 Euro)	Buildings. premises. rights to premises and civil engineering facilities	Technical devices and machines	Means of transport	Oter Fixed assets	Fixed assets under construction	Advances on fixed assets under construction	Total
Gross value							
Balance at the beginning of the period	0.0	26.1	0.0	3.8	0.0	0.0	29.9
Increase:	0.0	0.0	0.0	0.0	0.0	0.0	0.0
- purchase	0.0	0.0	0.0	0.0	0.0	0.0	0.0
- other	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Decrease:	0.0	0.0	0.0	0.0	0.0	0.0	0.0
- sale	0.0	0.0	0.0	0.0	0.0	0.0	0.0
- liquidation	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Balance at the end of the period	0.0	26.1	0.0	3.8	0.0	0.0	29.9
Redemption							
Balance at the beginning of the period	0.0	25.3	0.0	3.8	0.0	0.0	29.1
Increase:	0.0	0.2	0.0	0.0	0.0	0.0	0.2
- depreciation	0.0	0.2	0.0	0.0	0.0	0.0	0.2
- other	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Decrease:	0.0	0.0	0.0	0.0	0.0	0.0	0.0
- sale	0.0	0.0	0.0	0.0	0.0	0.0	0.0
- liquidation	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Balance at the end of the period	0.0	25.5	0.0	3.8	0.0	0.0	29.3
Write-downs							
Balance at the beginning of the period	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Increase	0.0	0.0	0.0	0.0	0.0	0.0	0.0
- other	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Decrease	0.0	0.0	0.0	0.0	0.0	0.0	0.0
- other	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Balance at the end of the period	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net value							
As at 01/01/2023	0.0	0.8	0.0	0.0	0.0	0.0	0.8
As at 31/12/2023	0.0	0.6	0.0	0.0	0.0	0.0	0.6

1.2.2 Value of land in perpetual usufruct

The Company does not hold any land in perpetual usufruct.

1.2.3 Value of non-depreciated or non-depreciated fixed assets used on the basis of rental, lease and other agreements, including lease agreements

In the financial year, the Company used the following means of transport on the basis of leasing contracts:

- Volkswagen Tiguan Allspace under the 2018 lease agreement, the monthly fee in 2023 was EUR 654 net.

1.3 Long term receivables

1.3.1 Receivables breakdown

The Company does not have any long-term receivables.

1.3.2 Write-downs of receivables

None.

1.4 Long-term investments

1.4.1 Movements in long-term investments

None.

1.4.2 Movements in long-term financial assets in related parties

(in 000 Euro)	Shares or stocks	Other securities	Granted loans	Other long term financial assets	Total
Gross value					
Balance at the beginning of the period	0.0	0.0	61.2	0.0	61.2
Increase:	0.0	0.0	0.0	0.0	0.0
- purchase	0.0	0.0	0.0	0.0	0.0
- other	0.0	0.0	0.0	0.0	0.0
Decrease:	0.0	0.0	0.0	0.0	0.0
- sale	0.0	0.0	0.0	0.0	0.0
- liquidation	0.0	0.0	0.0	0.0	0.0
Balance at the end of the period	0.0	0.0	61.2	0.0	61.2
Redemption					
Balance at the beginning of the period	0.0	0.0	0.0	0.0	0.0
Increase:	0.0	0.0	0.0	0.0	0.0
Decrease:	0.0	0.0	0.0	0.0	0.0
Balance at the end of the period	0.0	0.0	0.0	0.0	0.0
Write-downs					
Balance at the beginning of the period	0.0	0.0	60.0	0.0	60.0
Increase	0.0	0.0	0.0	0.0	0.0
- other	0.0	0.0	0.0	0.0	0.0
Decrease	0.0	0.0	0.0	0.0	0.0
- other	0.0	0.0	0.0	0.0	0.0
Balance at the end of the period	0.0	0.0	60.0	0.0	60.0
Net value					
As at 01.01.2023	0.0	0.0	1.2	0.0	1.2
As at 31.12.2023	0.0	0.0	1.2	0.0	1.2

1.4.3 Movements in long-term financial assets in other entities in which Company has a shareholding

None

1.4.4 Movements in long-term financial assets in other entities

None

1.5 Other long-term prepayments

1.5.1 Deferred tax assets

(in '000 EUR)	31.12.2023	31.12.2022
Deferred tax assets	0.9	0.9
Total	0.9	0.9

Due to the losses to be deducted in subsequent financial years, the company recognized deferred tax assets in the amount of the deferred tax provision.

1.5.2 Other long-term prepayments

None.

1.6 Inventory

(in '000 EUR)	31.12.2023	31.12.2022
Goods	0	0
Advance payments for supplies and services	0.7	0
Net inventory value	0.7	0
Write-downs on inventories	0.0	0
Gross inventory value	0.7	0

1.7 Short-term receivables

1.7.1 Receivables from related parties

The Company has no receivables from related parties.

1.7.2 Receivables from other parties in which the Company has a shareholding

The Company has no receivables from other parties in which the Company has a shareholding.

1.7.3 Receivables from other entities

(in 000 Euro)	31/12/2023	31/12/2022
- up to 12 months	80.1	89.6
- over 12 months	0.0	0.0
Trade receivables	80.1	89.6
- VAT receivables	88.0	65.9
- others	0.2	0.2
Receivables from taxes, subsidies, customs	88.2	66.1
Other receivables	7.6	31.7
Receivables under court proceedings	0.0	0.0
Net receivables	175.9	187.5
Write-downs on receivables	-12.8	-0.4
Gross receivables	163.0	187.1

1.7.4 Write-downs of short-term receivables

(in 000 Euro)	Write-downs receivables from related entities	Write-down receivables from other entities in which the entity has equity commitment	Write-down receivables from other entities
Balance at the beginning of the period	0.0	0.0	0.4
Increase	0.0	0.0	12.4
Utilization	0.0	0.0	0.0
Termination of a previously made write-down	0.0	0.0	0.0
Balance at the end of the period	0.0	0.0	12.8

1.8 Short-term financial assets

1.8.1 Short-term financial assets in related parties

None.

1.8.2 Short-term financial assets in other entities

None.

1.8.3 Cash and other pecuniary assets

(in 000 Euro)	31/12/2023	31/12/2022
- cash on bank accounts	0.9	39.0
- cash on the VAT account	0.0	1.9
- cash on hand	0.1	0.1
Total cash on hand and on bank accounts	1.0	40.9
Other cash	0.0	0.0
Other cash assets	0.0	0.0
Total	1.0	40.9

1.9 Prepayments

(in 000 Euro)	31/12/2023	31/12/2022
- Expenses between accounting periods	0.0	0.0
- R&D	0.0	0.0
- Settlement of project AI Fashion Stylist costs	0.0	13.1
- Insurance policy	0.0	14.0
- Costs of attracting new investors	0.5	0.0
- Others	0.0	0.6
Total	0.5	27.7

1.10 Share capital

Shareholders	Number of shares	Nominal value of shares (in Euro)	%
Venture FIZ	1 249 300.00	28 732.8	49.5%
CBNC Capital Solutions Ltd.	180 000.00	4 139.8	7.1%
Pawel Wyborski	173 361.00	3 987.1	6.9%
ACATIS Investment KVG mbH	240 800.00	5 538.2	9.5%
Others ¹	678 839.00	15 612.7	26.9%
Total	2 522 300.00	58 010.6	100.00%

1.11 Movements in the balance of supplementary and reserve capitals

(in 000 Euro)	Supplementary capital	Reserve capital
Balance at the beginning of the period	5 219.7	69.7
Increase	0.0	0.0
- from profit	0.0	0.0
- capital contributions	0.0	0.0
- capital increase during registration	0.0	0.0
Decrease	0.0	17.8
- capital registration	0.0	0.0
- dividend payments	0.0	0.0
- refunds of capital contributions	0.0	16.1
- others	0.0	1.7
Balance at the end of the period	5 219.7	51.9

The surplus of the issue value over the nominal value is transferred to the supplementary capital.

1.12 Suggested profit distribution/loss coverage

The Company's Management Board suggests that future profits to be used to cover the loss.

1.13 Provisions for liabilities

1.13.1 Provision for deferred income tax

(in '000 EUR)	31.12.20223	31.12.2022
Provision for deferred tax	0.9	0.9
Total	0.9	0.9

1.13.2 Provision for retirement and similar benefits

(in 000 Euro)	Retirement severance pay	Reserve for unused holiday entitlement	Other provisions	Total
Balance at the beginning of the period	0.0	23.5	0.0	23.5
Increase	0.0	7.9	0.0	7.9
Utilization	0.0	0.0	0.0	0.0
Reversal	0.0	23.5	0.0	23.5
Balance at the end of the period	0.0	7.9	0.0	7.9
including:				
- long term	0.0	0.0	0.0	0.0
- short terms	0.0	7.9	0.0	7.9

¹ Status based on the best knowledge of the Company

1.13.3 Other provisions for long-term liabilities

None

1.14 Long-term liabilities

1.14.1 Ageing of long-term liabilities towards related parties

The Company has no long-term liabilities towards related parties.

1.14.2 Ageing of long-term liabilities towards other entities in which the Company has a shareholding

The Company has no long-term liabilities towards other entities in which the Company has a shareholding.

1.14.3 Ageing of long-term liabilities towards other entities

The Company has no long-term liabilities towards non related non - related parties.

1.14.4 Liabilities towards the state budget or local/regional government units arising from the acquisition of ownership titles to buildings or constructions.

As at the balance sheet date, the Company has no liabilities towards the state budget or local/regional government units arising from the acquisition of ownership titles to buildings or constructions.

1.15 Short-term liabilities

1.15.1 Breakdown of short-term liabilities to related parties

(in 000 Euro)	31/12/2023	31/12/2022
- up to 12 months	0.0	0.0
- over 12 months	0.0	0.0
Trade liabilities	0.0	0.0
- loans	0.0	0.0
- purchase of QuarticOn (Shanghai) Company Ltd. shares	0.0	0.0
- purchase of QuarticOn (England) Ltd. shares	1.2	1.1
Other liabilities	1.2	1.1
	1.2	1.1

1.15.2 Breakdown of short-term liabilities towards other entities in which the Company has a shareholding

The Company has no short-term liabilities towards other entities in which the Company has a shareholding.

1.15.3 Ageing of short-term liabilities towards other entities

(in 000 Euro)	31/12/2023	31/12/2022
Credits and loans	238.2	139.7
from the issue of the debt securities	0.0	0.0
Other financial liabilities	0.0	0.0
Trade liabilities	756.0	595.6
Received advances for deliveries	0.0	0.0
Bill of exchange liabilities	0.0	0.0
- VAT liabilities	4.3	0.0
- Corporate income tax liabilities	0.0	0.0
- Personal income tax liabilities	65.1	21.2
- social and health insurance liabilities	192.7	76.0
- PFRON liabilities	0.0	0.0
- other benefit liabilities	0.7	0.0
Liabilities from taxes, customs, social and health insurance and benefits and other public and legal liabilities	262.9	97.2
Salary liabilities	94.2	33.1
- deposits	0.4	15.7
- other settlements with employees	0.1	0.0
- other settlements with partners	0.0	0.0
- other	28.3	22.5
Other liabilities	28.8	38.3
State of liabilities	1 380.1	903.8

1.16 Other accruals

1.16.1 Other long-term accruals

None.

1.16.2 Other short-term accruals

(in 000 Euro)	31/12/2023	31/12/2022
- deferred income	325.0	128.8
- accrued expenses	0.0	0.0
Total	325.0	128.8

1.17 Liabilities secured against Company assets

Lender	Method of securing the loan	Loan amount (in EUR)
- Kamil Ciso	collateral agreement / bill in blank	17 778.29
- Przemysław Wyborski	collateral agreement / bill in blank	16 674.33
- CNBC	collateral agreement / bill in blank	71 874.43
- Q-Free	collateral agreement / bill in blank	8 279.67
- Andrzej Padziński	Collateral agreement on licence to products	16 099.36

1.18 Contingent liabilities, including guarantees and pledges granted by the Company, including bill-of-exchange guarantees

As at 31 December 2023 and 31 December 2022, the Company had no substantial contingent liabilities, including substantial guarantees and pledges, except for the securities listed in point 1.17.

1.19 Explanation of the relationship between liabilities and assets shown in two or more balance sheet items

1.19.1 Liabilities towards loans, borrowings and financial lease.

(in 000 Euro)	31/12/2023	31/12/2022
- long-term credits	0.0	0.0
- short-term credits	37.9	34.3
Credits	37.9	34.3
- long-term loans	0.0	0.0
- short-term loans	200.3	105.4
Loans	200.3	105.4
Total	238.2	139.7

Explanations to the Profit and Loss Statement

1.20 Net revenue from sales of products, goods and materials

1.20.1 Revenues from sales of products and services by territory

(in 000 Euro)	2023	2022
Revenues from the sale of services	735.8	824.4
- in Poland	561.6	589.0
- export	174.2	235.3
Revenues from the sale of goods and materials	0.0	0.0
Total revenue from the sale of products, goods and materials	735.8	824.4

1.19.2 Revenue from sales of products, goods and materials by type

(in 000 Euro)	2023	2022
Revenues from the sale of services	735.8	824.4
Recommendation Engine	368.3	480.6
Marketing Automation	144.5	128.2
Packages	80.6	47.8
Implementations services	10.6	15.8
AI Smart Search	82.4	98.3
Other	49.3	53.8

Revenues from the sale of goods and materials	0.0	0.0
Total revenue from the sale of products, goods and materials	735.8	824.4

1.21 Other operating revenue

(in 000 Euro)	2023	2022
- profit from the sale of fixed assets	0.0	0.3
Profit from the outflow of non-financial fixed assets	0.0	0.3
- received subsidies	163.4	265.0
Subsidies	163.4	265.0
Revaluation of non-financial assets	0.0	0.0
- writing off capital liabilities	0.0	0.0
- reimbursement of the court fee	0.0	0.0
- VAT rounding	0.0	0.0
- commission for affiliations	0.0	0.0
- write-down of outdated settlements	0.0	0.0
- currency exchange revenue	0.0	0.0
- recovery costs	0.0	0.0
- cancelled ZUS contributions under the Anti-Crisis Shield	0.0	0.0
- other (less than 10% of the total value)	2.3	0.1
Other operating income	2.3	0.1
Total	165.8	265.4

1.22 Other operating costs

(in 000 Euro)	2023	2022
- loss on the sale of fixed assets	0.0	0.0
Loss on the outflow of non-financial fixed assets	0.0	0.0
- write-down of receivables	12.4	0.0
write-down of R&D (development works)	11.5	27.3
- Write-down of the investment costs	23.9	27.3
- correction of social benefits (ZUS)	0.0	0.0
- redemption of receivables	0.0	0.0
- write-down of outdated settlements	0.0	0.0
- Other	8.7	12.8
Other operating costs	8.7	12.8
Total	32.7	40.1

1.23 Financial revenues

(in 000 Euro)	2023	2022
Dividends and shares in profits	0.0	0.0
Interest, including:	0.0	1.0
- interest on loans granted	0.0	0.0
- on assets on bank accounts	0.0	1.0
- other interest	0.0	0.0
Profit from the outflow of financial assets	0.0	0.0
Revaluation of financial assets	0.0	0.0
Other, including:	35.8	0.0

- realised foreign exchange gains	4.8	0.0
- unrealised foreign exchange gains	33.1	0.0
- realised foreign exchange losses	-4.1	0.0
- unrealised foreign exchange gains	2.1	0.0
Total	35.9	1.0

1.24 Financial costs

(in 000 Euro)	2023	2022
Interest, including:	23.4	8.1
- on received loans and credits	9.6	6.6
- budget interest	0.0	0.3
- other interests	0.0	0.0
- interest on contractors	13.8	1.2
Loss on the outflow of financial assets	0.0	0.0
evaluation of financial assets	0.0	0.0
Other, including:	12.3	7.8
- realised negative differences on exchange	0.0	10.6
- not realised negative differences on exchange	0.0	-1.3
- realised positive differences on exchange	0.0	-4.4
- not realised positive differences on exchange	0.0	-4.6
- commission for the extension and granting loans	0.0	0.0
- factoring costs	12.3	7.4
- other (less than 10% of the total value)	0.0	0.0
Total	35.7	15.9

1.25 Discontinued operations

The Company did not discontinue its operations in the financial year, and it is not planning to discontinue any type of its activities in the next year.

1.26 Non-financial expenditures on fixed assets (including on environmental protection)

The only development project implemented in 2023 was the continuation of work on the "AI Fashion Stylist" (started in November 2021). The total expenditure on this project in 2023 amounted to EUR 0.6 million and EUR 0.49 million was recognized during the year as periodic settlements and transferred to intangible assets (development works) at the end of 2023. The project was co-financed from POIR 1.1.1 funds.

The Company has not, does not and will not incur any expenditures on environmental protection.

Explanations on contracts and significant transactions entered into by the Company and on HR matters

1.27 Information on the nature and economic purpose of contracts entered into by the Company and not included in the balance

sheet to the extent necessary for assessing their impact on the Company's financial situation and assets

On December 31, 2023, the company completed (accounting) the "AI Fashion Stylist" project, which lasted 26 months (starting in November 2021). Total expenditure on the project amounted to EUR 1.15 million. The company started commercialization of products created as a result of the work in the first quarter of 2024. The company committed to ensuring the durability of the project for a period of 3 years from the date of its completion.

1.28 Significant non-arm's length transactions entered into by the Company with related parties

None.

1.29 Average employment by occupational group

Average employment in individual occupational groups:

Headcount	2023	2022
Management Board	2.0	2.0
Employees	15.5	17.4
Total	17.5	19.4

1.30 Payroll, including profit-sharing compensation, paid or payable to members of governing, supervisory or administrative bodies

In the reported financial year Members of the Management Board received a total pay of EUR 117k, previous year: EUR 99k.

In the reported financial year Members of the Supervisory Board received a total pay of EUR 0 (previous year: EUR 0).

1.31 Loans and other debt extended to members of governing, supervisory or administrative bodies

As at the balance-sheet date members of governing and supervisory bodies had no loan-related liabilities towards the Company.

1.32 Chartered accountant or audit firm fees

The chartered accountant's fee was EUR 4.6k.

Other information

1.33 Significant past events included in the financial statements

As at the date of the financial statements no significant past events had taken place which would need to be included therein.

1.34 Information on significant events that took place after the balance sheet date but were not included in the financial statements

On February 13, 2024, the Company opened proceedings for the approval of the arrangement (reference number WA1M/GRz-nu/70/2024). After three months of talks with creditors, which ended with a vote on the arrangement with a positive result, on May 13, 2024, the Company submitted an application to the court for approval of the arrangement. At the time of publication of this report, the application is still under consideration.

1.35 Changes in accounting rules in the financial year

In the reporting period for which the financial statements were prepared, the Company's Management Board introduced minor changes to the Company's accounting policy related to the implementation of a project co-financed from EU funds.

1.36 Comparability of previous year's financial data with the reported year's financial statements

The financial statements for the reported and previous periods are based on the same accounting rules.

1.37 Differences between movements in some balance-sheet items and movements in the same items shown in the cash flow statement

There are differences in the presentation of expenditure on intangible assets produced by the company - development works. In the cash flow statement, they are listed as investing activities because they are undertaken for this purpose and in the balance sheet they are shown in accruals due to the uncertainty as to the effects achieved after the work is completed. Expenditures incurred on the "AI Fashion Stylist" project as part of development work in 2023 were transferred to intangible assets due to their completion on December 31, 2023.

1.38 Transactions with related parties

The Company did not enter in any transactions with related parties in the financial year in question.

1.39 Information on subsidiaries and reasons for the lack of consolidated financial statements

The Company has a 50% shareholding in QuarticOn (Shanghai) Company Ltd. Which, however, is not operational yet, and as such does not have any significant impact on the Company's business. The remaining 50% of the capital share in the above-mentioned the company is vested in Wan Sheng Asia Ltd based in Road Town in the British Virgin Islands. The company's initial capital was set at 118 thousand Euro. The value of liabilities and assets is also EUR 118k. Neither party paid the

relevant shares and the Company did not start its activities. Therefore, the revenues and costs of the above-mentioned the companies at the end of 2023 amounted to EUR 0.

On March 19, 2019, QuarticOn Ltd. with its seat in London was registered. QuarticOn S.A. is a 100% shareholder in the share capital of this and has the same share of votes. As at the date of the report, QuarticOn Ltd. did not increase its operating activities. As at March 31, 2024 (end of the reporting year), revenues were GBP 0.00, costs GBP 543 (Virtual Office).

Consequently, QuarticOn is exempt from the obligation to issue a consolidated report incorporating the above-mentioned related parties under Article 58 (1) of the Accounting Act.

1.40 Consolidated financial statements

The Company is not required to produce consolidated financial statements, since it has no related parties.

1.41 Going concern uncertainty

Financial statements prepared on the assumption that the entity will continue as a going concern. Nevertheless, negative equity and the application for approval of the arrangement pending before the court oblige the Company's Management Board to indicate the most important risks related to the further operations of the Company, i.e.:

- the need for the shareholders' meeting to adopt a resolution pursuant to Article 397 of the Commercial Companies Code on the continued existence of the entity
- implementation of assumptions related to the transformation of the Company, especially in the field of sales reconstruction and implementation of the provisions of the arrangement approval proceedings (after approval of the application by the Court)
- preparation of an alternative restructuring scenario if the application is rejected by the Court
- obtaining sources of financing for further development (share issue, debt financing).

On February 13, 2024, the Company opened proceedings for the approval of the arrangement (reference number WA1M/GRz-nu/70/2024). After three months of talks with creditors, which ended with a vote on the arrangement with a positive result, on May 13, 2024, the Company submitted an application to the court for approval of the arrangement. At the time of publication of this report, the application is still under consideration.

Arrangement proposals presented to creditors are included in Appendix No. 2.

1.42 Other information relevant to the Company's assessment

All the information relevant to the assessment of the Company's financial situation, its assets and financial result are provided in the financial statements.

1.43 Information regarding financial instruments

I. The entity holds the following financial instruments:

- 1) Loans and own receivables category.
- 2) Available for trading (a) and available for sales (b) category

Under this category, the entity recognises:

- a) Cash at bank and in hand of EUR 1k (including the Company Social Benefit Fund, EUR 0.00). The entity recognises the said items according to their nominal values increased by potential interest.
- b) Shares in QuarticOn (Shanghai) Company Ltd. which is a related entity, QuarticOn holds a 50% share in this company. The Company does not intend to sell these shares in the short term. Due to the fact that the company has not commenced operations, the value of the shares is EUR 55,564 was covered by a 100% write-down in the amount of EUR 55,564.
- c) Shares in the entity QuarticOn Ltd (United Kingdom), which is a related party, QuarticOn holds 100% of the shares in the Company. It is not the Company's intention to sell these shares in the short term.

The Company recognises the said items according to their nominal values, taking into account impairment write-offs.

3) Financial liabilities category:

As at balance sheet date, the Company has a few loans for the total amount of EUR 238k.

The entity recognises the above items according to their nominal values increased by potential interest.

Due to the nature of the financial instruments held, the Company indicates that their carrying amount does not differ from their fair value.

The Company does not hold derivative financial instruments.

No other issues which are required to be disclosed in accordance with the Regulation of the Ministry of Finance of 12 December 2001 on specific rules concerning the recognition, valuation, disclosure and presentation of financial instruments, are present in the Company.

Appendix no 1

Methodology for performing tests for impairment of intangible assets:

All active projects (development work resulting in the development and implementation of specific products that are in use) are analysed at the end of each balance sheet year in terms of their ability to generate revenue. The evaluation is performed both ex post, in relation to the assumptions made at the time of accepting the product as an intangible asset (such a simulation is prepared for each new product that is implemented for sale), and ex ante, in the form of a revenue forecast made based on the aforementioned historical performance, assessment of the market potential and product opportunities on the market, as well as internal sales analyses per customer. The result of this analysis is a revenue forecast for each project over a 5-year period (consisting of actual performance and a plan for the future), which is referred to the aforementioned original assumptions. Depending on its results, projects are assigned to four groups (A, B, C, D) corresponding to the project's potential and the chances of achieving the assumptions. Projects from groups A and B are those with the best results, group C are projects for which a recovery program is designated, while group D are projects that qualify for a full or partial write-off. A list of current projects (development works included in intangible assets) together with the rating assessment can be found below.

It is worth emphasizing that the adopted 5-year depreciation period is often shorter than the actual life of the product. However, since it is difficult to accurately estimate the period of use once the product is put on sale, the Company adopts a five-year period.

No	Project name	Status	Expenditures (in '000 EUR) capex only	Year of commencement of sale of services based on products	Year of end of amortization	Internal rating	Remarks
1	New MA modules (1.5)	active	163	2020	2024	D	partly write-off at the end of 2023
2	SelfService & platforms 1.0	active	118	2020	2024	C	recovery plan
3	Small products 1.0	written-off	63	2020	2024	D	full write-off at the end of 2022
4	AI Smart Search 1.0	active	188	2021	2025	B	
5	New solutions for RECO	active	111	2021	2025	A	
6	New modules for MA (2.0)	active	73	2021	2025	B	
7	New MA version (3.0)	active	102	2022	2026	C	
8	New SmartSearch 2.0	active	72	2022	2026	B	
9	New SmartSearch 3.0	active	18	2023	2027	A	
10	New MA version (AC)	active	36	2023	2027	A	
11	AI Fashion Stylist	active	488	2024	2028	-	
TOTAL			1 431				

Explanations: Status:

Status: active - the product generates sales, is being depreciated
written off - the product did not meet expectations and due to poor sales results and poor development prospects, a full write-off was made

Internal rating: assessment of the implementation of sales assumptions established when the product was put into use. Verification at the end of each balance sheet year (first assessment at the end of the first year in which the product began to generate sales)

A	realization of sales assumptions, good development prospects, stable customer base
B	realization close to assumptions, chance to improve results, prospective customers
C	noticeable deviations (negative) from the adopted assumptions, corrective actions in progress
D	results significantly below expectations, limited possibilities of corrective actions, suggested write-off

Appendix No 2

Warsaw, march 25, 2024

**ARRANGEMENT PROPOSALS
CONCERNING THE DEBTOR'S RESTRUCTURING PROCEEDINGS
QUARTICON Spółka Akcyjna in Warsaw
KRS 0000715276. NIP 5213608082. REGON 142977414**

I. GENERAL PROVISIONS

1. The arrangement proposals specify the method of restructuring the obligations of QUARTICON Joint Stock Company based in Warsaw (KRS 0000715276).
2. The arrangement proposals provide split for the division of creditors into nine (9) groups covering various interest categories, in accordance with Article 161 of the Act of May 15, 2015 - Restructuring Law ("p.r.").

3. In the event that the payment term of an arrangement installment falls on a Saturday, Sunday, or another public holiday, the arrangement installment will be payable on the next business day.
4. In the event that, after the day of the arrangement's conclusion, claims legally covered by the arrangement, which were not included in the list of claims (so-called "undisputed disclosed claims"), are revealed, or as a result of a final court decision, final administrative decision, court settlement, or another legal act binding the Debtor, a previously disputed claim (so-called "disputed disclosed claims") becomes undisputed - they shall be allocated to the appropriate groups of creditors defined by the accepted arrangement proposals. Undisputed disclosed claims and disputed disclosed claims are to be satisfied in accordance with the arrangement proposals, where the term for the satisfaction of the first installment will be set as the term for the satisfaction of the nearest installment for the appropriate group of creditors after the day of disclosure of the undisputed claim in the books subject to a possible set-off objection, and for disclosed disputed claims after the day of establishing the finality or conclusiveness of the judgment, decision, settlement execution, or another judicial act, while the remaining conditions of the installment payments according to the arrangement proposals, in particular, but not exclusively, the number of installments, their amount, and the period of payment obligations will remain unchanged (if, however, the disclosure occurs after the satisfaction of creditors included in the group to which the disclosed claim is qualified, then the term for the satisfaction of the first installment will occur in the calendar month following the day of disclosure).

I. DETAILED CONDITIONS FOR RESTRUCTURING OBLIGATIONS

Group I: Creditors holding principal claims of up to 10.000.00 PLN (ten thousand zlotys) inclusive and not qualified for other groups:

- a) Repayment of 90% of the principal claim – 10% reduction of the principal amount.
- b) Payable in 4 (four) equal quarterly installments by the last day of each quarter.
- c) Payment of the first quarterly installment by December 31, 2024, payment of the next 3 installments by the last day of the subsequent quarters.
- d) Full waiver of interest on the principal claim accrued up to the day preceding the arrangement day of the Debtor, as well as thereafter, and full waiver of all ancillary costs, including costs associated with claim recovery.

Group II: Creditors holding principal claims ranging from 10.001.00 PLN (ten thousand and one zlotys) to 30.000.00 PLN (thirty thousand zlotys) inclusive and not qualified for other groups:

- a) Repayment of 80% of the principal claim – 20% reduction of the principal amount.
- b) Payable in 6 (six) equal quarterly installments by the last day of each quarter.
- c) Payment of the first quarterly installment by June 30, 2025, payment of the next 5 installments by the last day of the subsequent quarters.
- d) Full waiver of interest on the principal claim accrued up to the day preceding the arrangement day of the Debtor, as well as thereafter, and full waiver of all ancillary costs, including costs associated with claim recovery.

Group III: Creditors holding principal claims ranging from 30.001.00 PLN (thirty thousand and one zlotys) to 80.000.00 PLN (eighty thousand zlotys) inclusive and not qualified for other groups:

- a) Repayment of 70% of the principal claim – 30% reduction of the principal amount.
- b) Payable in 8 (eight) equal quarterly installments by the last day of each quarter.
- c) Payment of the first quarterly installment by June 30, 2025, payment of the next 7 installments by the last day of the subsequent quarter.
- d) Full waiver of interest on the principal claim accrued up to the day preceding the arrangement day of the Debtor, as well as thereafter, and full waiver of all ancillary costs, including costs associated with claim recovery.

Group IV: Creditors holding principal claims ranging from 80.001.00 PLN (eighty thousand and one zlotys) to 300.000.00 PLN (three hundred thousand zlotys) inclusive and not qualified for other groups:

- a) Repayment of 60% of the principal claim – 40% reduction of the principal amount.
- b) Payable in 10 (ten) equal quarterly installments by the last day of each quarter.
- c) Payment of the first quarterly installment by December 31, 2025, payment of the next 9 installments by the last day of the subsequent quarters.
- d) Full waiver of interest on the principal claim accrued up to the day preceding the arrangement day of the Debtor, as well as thereafter, and full waiver of all ancillary costs, including costs associated with claim recovery.

Group V: Social Insurance Institution (ZUS)

- a) Repayment of 100% of the claim. i.e., both the principal claim and ancillary claims, including interest (both accrued up to the day preceding the arrangement day of the Debtor and thereafter) and costs associated with claim recovery.
- b) Payable in 8 (eight) equal quarterly installments by the last day of each quarter.
- c) Payment of the first quarterly installment by December 31, 2025, payment of the next 7 installments by the last day of the subsequent quarters.

Group VI: Tax Office and National Centre for Research and Development (NCBiR)

- a) Repayment of 100% of the principal claim – 0% reduction of the principal amount.
- b) Payable in 10 (ten) equal quarterly installments by the last day of each quarter.
- c) Payment of the first quarterly installment by December 31, 2025, payment of the next 9 installments by the last day of the subsequent quarters.
- d) Full waiver of interest on the principal claim accrued up to the day preceding the arrangement day of the Debtor, as well as thereafter, and full waiver of all ancillary costs, including costs associated with claim recovery.

Group VII: creditors holding principal claims ranging from PLN 300.001.00 (three hundred thousand one zlotys) to PLN 1.000.000.00 (one million zlotys) inclusive and not classified into other groups:

- a) Repayment of 55% of the principal claim – a 45% reduction in the principal amount.
- b) Payable in 10 (ten) equal quarterly installments by the last day of the respective quarter.
- c) The first quarterly installment payment by March 31, 2026, followed by the payment of the next 9 installments by the last day of the subsequent quarters.
- d) Full waiver of interests on the principal claim accrued up to the day preceding the Debtor's arrangement day, as well as thereafter, and full waiver of other ancillary costs, including costs related to the claim recovery.

Group VIII: lender creditors

- a) Repayment of 100% of the principal claim – 0% reduction in the principal amount.
- b) Payable in 5 (five) equal quarterly installments by the last day of the respective quarter.
- c) The first quarterly installment payment by September 30, 2027, followed by the payment of the next 4 installments by the last day of the subsequent quarters.
- d) Full waiver of interests on the principal claim accrued up to the day preceding the Debtor's arrangement day, as well as thereafter, and full waiver of other ancillary costs, including costs related to the claim recovery.

Group XI: creditors related to the Debtor – associated entities

- a) Repayment of 50% of the principal claim – a 50% reduction in the principal amount.
- b) Payable in 1 (one) installment by December 31, 2028.
- c) Full waiver of interests on the principal claim accrued up to the day preceding the Debtor's arrangement day, as well as thereafter, and full waiver of other ancillary costs, including costs related to the claim recovery.

Wiesław Ostrowski

Supervisor of the Arrangement



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