

Current report ESPI No. 1/2020

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Short Name of Issuer: QUARTICON S.A.

Subject: Information on quarterly sales revenues

Legal basis: Article 17 paragraph 1 MAR - confidential information

Content of report:

The Management Board of QuarticOn S.A. ["Company", "Issuer"] informs that in connection with the completion, on 23 January 2020, of postings and summary of sales data obtained in the SaaS channel [Software as a Services] through e-commerce platforms in the fourth quarter of 2019, the company decided to make them public.

At the same time, the Company informs that in order to increase the effectiveness of information policy that ensures investors access to information relevant for the assessment of the situation, prospects and predictability of results, the Issuer's intention is to provide cyclical quarterly public disclosure of information on quarterly sales revenues in the SaaS channel. Such data will be provided by the Company immediately after the end of the posting and summary of the given quarter.

In view of the foregoing, the Company provides below information on quarterly sales revenues obtained in the SaaS channel through e-commerce platforms in the fourth quarter of 2019, the same sales results are attached in the form of a table.

Information on quarterly sales revenues in the SaaS channel in the fourth quarter of 2019.

In connection with the intensification of activities in the area of product sales in the SaaS channel [Software as a Services, i.e. software offered in the form of an electronic service based on cloud computing] started in August 2019 through e-commerce platforms in Poland, the Czech Republic and Slovakia, QuarticOn S.A. recorded a noticeable increase in revenues from the SaaS segment in the fourth quarter of 2019. The implemented strategy resulted in a 259% increase in revenue from the SaaS segment from quarter to quarter. By the end of the year, the Company acquired 90 clients, and in the fourth quarter of 2019 alone revenues from this segment amounted to over 55 000 PLN.

Sales results in the third quarter of 2019:

SaaS customers [at the end of the period] – quantity: 55

SaaS customers [monthly average] – quantity: 37

SaaS sales [quarterly]: 15 488 PLN

SaaS ARPC* [monthly average]: 140 PLN

*ARPC [Average revenue per paying customer] – average revenue from an active [paying] customer calculated according to the formula – revenues from the SaaS segment [monthly] / number of paying customers in a month.

Sales results in the fourth quarter of 2019:

SaaS customers [at the end of the period] – quantity: 90 [63.6% change in relation to the third quarter of 2019]

SaaS customers [monthly average] – quantity: 77 [107.2% change in relation to the third quarter of 2019]

SaaS sales [quarterly]: 55 628 PLN [259.2% change in relation to the third quarter of 2019]

SaaS ARPC* [monthly average]: 242 PLN [73.3% change in relation to the third quarter of 2019]

The ARPC indicator presents the Company's average revenue per customer [in the data above, in relation to the SaaS segment]. Changes in the level of this indicator allow for assessing the extent to which the Company is building sales by acquiring more profitable customers or increasing sales [so-called "Upsell"] to existing customers. The share of the SaaS segment at the end of the third quarter of 2019 in total revenues was 1,4%, however the Company estimates that the share of this segment in the fourth quarter of 2019 in total revenues will be approx. 4.9%.

The company operates on the e-commerce market, i.e. online sales, which is one of the most dynamically developing segments of the global economy. Potential customers for the Company are large and medium-sized online shops [min. 1 million PLN turnover per month].

The company is currently conducting talks with other e-commerce platforms operating worldwide, and in January it launched sales on the next Polish platform. Further integration work to extend cooperation with current partners is also underway, which aim to introduce next products in the form of SaaS plugins on platforms on which the Company is already present. This will allow additional sales of products to the current SaaS customer base. The development of this sales channel is one of the Company's strategic priorities for 2020.

At the same time, the Company informs that the sales results presented above do not constitute the initial financial results of QuarticOn S.A., but in quarterly terms, they present sales data from the accounting and invoice system in the SaaS channel, while the final financial results of QuarticOn S.A. for the fourth quarter of 2019 remain aggregated and will be published later.

Signatures of Company representatives:

Paweł Wyborski, President of the Board

Michał Giergielewicz, Board Member

