DISCLOSURE

of QuarticON S.A. with its registered office in Warsaw

produced for the purposes of listing 50,556 series-B shares, 17 series-C shares and 16,100 series-F shares on the NewConnect market operated as an Alternative Trading System by Giełda Papierów Wartościowych w Warszawie S.A. (the Warsaw Stock Exchange).

This document has been produced in connection with the intent to list the financial instruments included in this Disclosure in the Alternative Trading System operated by the Warsaw Stock Exchange.

The availability of financial instruments in the Alternative Trading System does not mean that such instruments are permitted to be listed or listed on the regulated market operated by the Warsaw Stock Exchange (the prime and parallel market).

Investors should be aware of the risk associated with investing in financial instruments listed in the Alternative Trading System, and before making any investment decisions, they should perform a careful analysis and, wherever necessary, consult an investment adviser.

The contents of this Disclosure have not been approved by the Warsaw Stock Exchange for accuracy and legal compliance.

Authorised Adviser

Dom Maklerski BDM S.A.

Date of Disclosure: 28 February 2020

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1. Declaration of the persons responsible for the information provided in this Disclosure

1.1. ISSUER

Company	QuarticOn Spółka Akcyjna (a joint-stock company)
Registered Office	Warsaw
Address	Al. Jerozolimskie 123a, 02-017 Warszawa
Telephone	+48 22 844 02 51
Website	www.quarticon.com
Email	investor@quarticon.com

The Issuer is accountable for all information provided in this Disclosure.

Acting on behalf of QuarticOn S.A. with its registered office in Warsaw, we declare that according to our best knowledge, which we have obtained with due diligence, the information provided in this Disclosure is true, reliable and accurate, and that it encompasses all facts which could be significant for this document and the valuation of the financial instruments to be listed, and also gives a fair description of the risk factors associated with trading in these instruments.

Paweł Wyborski
President of the Management Board

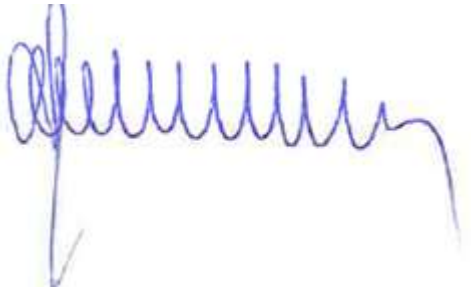
Michal Giergielewicz
Member of the Management Board

1.2. AUTHORISED ADVISER

Company	Dom Maklerski BDM S.A.
Registered Office	Bielsko-Biała
Address	43-300 Bielsko-Biała, ul. Stojałowskiego 27
Telephone	Headquarters: (033) 812-84-00; Department of Investment Banking: (032) 208-14-10
Website	http://www.bdm.com.pl
Email	wbi@bdm.com.pl

According to the information and data provided by the Issuer, the Authorised Adviser was involved in producing the entire Disclosure.

Acting on behalf of Dom Maklerski BDM S.A., we declare that this Disclosure has been produced in line with the requirements laid down in Exhibit 1 to the Alternative Trading System Rules adopted under Resolution No. 147/2007 of the Management Board of the Warsaw Stock Exchange of 01 March 2007 (as amended), and that according to our best knowledge and based on the documents and information provided by the Issuer, the information presented in this Disclosure is true, reliable and accurate, and that it encompasses all facts which could be significant for this document and the valuation of the financial instruments to be listed, and also gives a fair description of the risk factors associated with trading in these instruments.



Janusz Smoleński
Vice-President of the Management Board

Piotr Jaśniak
Commercial Proxy

2. Name (registered business name), legal form, country of the registered office, registered office and address of the issuer, including telecommunication numbers, the address of the main website and email address, identifier according to the relevant statistical classification and number according to the relevant tax identification

Company	QuarticOn Spółka Akcyjna (a joint-stock company)
Legal form	joint-stock company
Country of the registered office	Poland
Registered Office	Warsaw
Address	Al. Jerozolimskie 123a, 02-017 Warszawa
Telephone	+48 22 844 02 51
Website	www.quarticon.com
Email	investor@quarticon.com
KRS (National Court Register No.)	0000715276
REGON (National Business Register Number)	142977414
NIP (Tax Identification Number)	5213608082

3. Information on whether the Issuer's business requires an approval, license or permit, and where such requirement exists – the subject and number of such approval, license or permit, stating the issuing authority

The Issuer's business does not require any approval, license or permit from any authority.

4. The number, type, nominal unit value and designation of the issue of financial instruments being the subject of the application for listing in the Alternative Trading System listing

Based on this Disclosure, the following will be listed in the Alternative Trading System:

- **50,556 (**fifty thousand five hundred and fifty-six**)** series-B ordinary bearer shares with a nominal value of PLN 0.10 each (**Series-B Share**s)
- **17** (seventeen) Series-C ordinary bearer shares with a nominal value of PLN 0.10 each (**Series-C shares**)
- **16,100** (sixteen thousand one hundred) Series-F ordinary bearer shares with a nominal value of PLN 0.10 each (**Series-F Shares**)

The total nominal value of the financial instruments to be listed in the Alternative Trading System pursuant to this Disclosure is PLN 6,667.30.

Pursuant to this Disclosure, the shares listed by the Issuer in the Alternative Trading System represent 4.75% of the Issuer's share capital and 4.75% of votes at the General Meeting.

Series-B, C and F shares to be listed in the Alternative Trading System have the same rights attached to them – including in particular the dividend right – as the shares listed on NewConnect.

As at the date of this Disclosure, the breakdown of the Issuer's share capital is as follows:

No.	Share series	Number of shares (pcs.)	Proportion of the share capital (%)	Number of votes (pcs)	Proportion of all votes (%)
1	A	1,066,500	75.95%	1,066,500	75.95%
2	B	50,556	3.60%	50,556	3.60%
3	C	17	0.001%	17	0.001%
4	D	152,927	10.89%	152,927	10.89%
5	E	118,200	8.42%	118,200	8.42%
6	F	16,100	1.15%	16,100	1.15%
Total		**1,404,300**	**100.00%**	**1,404,300**	**100.00%**

5. Information on subscriptions or disposals of financial instruments being the subject of the application for listing in the Alternative Trading System in the last 12 months preceding the date on which the application was submitted – as provided for in § 4 (1) of Appendix No. 3 to the Alternative Trading System Rules

5.1. SERIES-B SHARES

Series-B shares have been issued pursuant to Resolution No. 6 of the Extraordinary General Meeting of Shareholders of 6 June 2018 on increasing the Company's share capital, depriving existing shareholders of all their subscription rights, and on amending the Company's Articles of Association and authorising the Supervisory Board to adopt the consolidated text of the Company's Articles of Association.

Series-B shares have been put on offer individually to specific individuals selected from among the Members of the Management Board, executives and associates of the Company who, in the Company's view, have contributed to the Company's development.

1/ Start and end date of subscription: 31 August 2018

2/ Share allocation date: 31 August 2018

3/ Number of shares to be subscribed for: 50,556

4/ Reduction rate for individual lots if in at least one of the lots the number of shares allotted was smaller than the number of shares subscribed for: no reductions

5/ Number of shares allotted as part of the subscription: 50,556

6/ Share subscription price: PLN 0.10

6a/ Share payment method: bank transfer

7/ Number of individuals who have subscribed for shares in individual lots: 18

8/ Number of individuals who have been allotted shares as part of the subscription in individual lots: 18

9/ Names (registered business names) of sub-issuers who have subscribed for shares under sub-issuance contracts:
No sub-issuers were involved in the series-B shares offering.

10/ The total amount of costs recognised as share issue costs, including costs by their respective titles, broken down at least into costs of:
a) preparation for the offering: PLN 0
b) remuneration for sub-issuers, each separately: not applicable
c) producing a public disclosure or disclosure, including advisory costs (for series B, C and F) PLN 35,000
d) promoting the offering: PLN 0

11/ Cost accounting method and how the costs are recognised in the Company's financial statements:
costs in respect of the issue of series-B, C and F shares have reduced the supplementary capital generated from the share premium.

According to the Issuer's best knowledge, within the last 12 months preceding the date of the application for listing in the Alternative Trading System, until the day of issuing this Disclosure, the following transactions involving the disposal of B-series shares were made:
Under a call option contract and following the call option exercise by the Company or other indicated entity, two shareholders sold a total of 9,222 series-B shares to 10 other employees indicated by the Company who participated in the scheme, subject to the same terms and conditions that applied in the scheme.

5.2. SERIES-C SHARES

Series-C shares have been issued pursuant to Resolution No. 6 of the Extraordinary General Meeting of Shareholders of 6 June 2018 on increasing the Company’s share capital, depriving existing shareholders of all their subscription rights, and on amending the Company’s Articles of Association and authorising the Supervisory Board to adopt the consolidated text of the Company's Articles of Association.
Series-C shares have been put on offer individually to specific individuals selected from among the Members of the Management Board, executives and associates of the Company who, in the Company's view, have contributed to the Company's development.

1/ Start and end date of subscription: 31 August 2018

2/ Share allocation date: 31 August 2018

3/ Number of shares to be subscribed for: 17

4/ Reduction rate for individual lots if in at least one of the lots the number of shares allotted was smaller than the number of shares subscribed for: no reductions

5/ Number of shares allotted as part of the subscription: 17

6/ Share subscription price: PLN 30

6a/ Share payment method: bank transfer

7/ Number of individuals who have subscribed for shares in individual lots: 3

8/ Number of individuals who have been allotted shares as part of the subscription in individual lots: 3

9/ Names (registered business names) of sub-issuers who have subscribed for shares under sub-issuance contracts:
No sub-issuers were involved in the series-C shares offering.

10/ The total amount of costs recognised as share issue costs, including costs by their respective titles, broken down at least into costs of:
a) preparation for the offering: PLN 0
b) remuneration for sub-issuers, each separately: not applicable
c) producing a public disclosure or disclosure, including advisory costs (for series B, C and F) PLN 35,000
d) promoting the offering: PLN 0

11/ Cost accounting method and how the costs are recognised in the Company's financial statements: costs in respect of the issue of series-B, C and F shares have reduced the supplementary capital generated from the share premium.

According to the Issuer's best knowledge, within the last 12 months preceding the date of the application for listing in the Alternative Trading System, until the day of issuing this Disclosure, no transactions involving the disposal of C-series shares were made.

5.3. SERIES-F SHARES

Series-F shares were issued pursuant to Resolution No. 3 of the Extraordinary General Meeting of Shareholders of 8 November 2019 on increasing the share capital of the Company by issuing Series-F ordinary bearer shares and depriving the existing shareholders of the Company of their subscription rights to new shares, and on amending the Company's Articles of Association.
The Issuer offered the subscription of series-F shares to only one entity. The offering did not require a prospectus in accordance with Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC.

1/ Start and end date of subscription:
Subscription start date: 01 December 2019
Subscription end date: 13 December 2019

2/ Share allocation date: 13 December 2019

3/ Number of shares to be subscribed for: 20.000

4/ Reduction rate for individual lots if in at least one of the lots the number of shares allotted was smaller than the number of shares subscribed for: no reductions

5/ Number of shares allotted as part of the subscription: 16,100

6/ Share subscription price: PLN 41.90

6a/ Share payment method: bank transfer

7/ Number of individuals who have subscribed for shares in individual lots: 1

8/ Number of individuals who have been allotted shares as part of the subscription in individual lots: 1

9/ Names (registered business names) of sub-issuers who have subscribed for shares under sub-issuance contracts:
No sub-issuers were involved in the series- F shares offering.

10/ The total amount of costs recognised as share issue costs, including costs by their respective titles, broken down at least into costs of:
a) preparation for the offering: PLN 21.500
b) remuneration for sub-issuers, each separately: not applicable
c) producing a public disclosure or disclosure, including advisory costs (for series B, C and F) PLN 35.000
d) promoting the offering: PLN 0

11/ Cost accounting method and how the costs are recognised in the Company's financial statements: Expenditures are not recognised under costs but deducted from the supplementary capital at the time of capital registration.

6. Information on whether the Issuer has met the requirements referred to in § 15c of the Alternative Trading System Rules when making a public offering for the shares included in the application in connection with the intent to list them in the Alternative Trading System

Series-B and C shares had been issued before series-A shares were listed in the Alternative Trading System. The Issuer was not bound by the laws specified in the Alternative Trading System Rules.

By making a non-public offering for series-F shares in connection with the intent to list them in the Alternative Trading System, the Issuer has provided the entity being made the offer with:

1) a document containing
   a) information provided in § 7 (Risk Factors)
   b) information provided in § 9 (Data on financial instruments listed in the Alternative Trading System)
   c) information provided in § 10 (Issuer data)
   d) information provided in § 11 (Financial statements)
   e) information provided in § 12 (1) (valid extract from the register applicable to the issuer)
   f) information provided in § 12 (2) (consolidated and amended text of the Issuer's Articles of Association, including the content of resolutions of the General Meeting on amendments to the Company's Articles of Associations which have not been registered by the court)

The investor who had been a major shareholder in the Company before the series-F shares offering was also aware:

2) of any additional factors associated with the investment in the shares being offered, including of the risk that the Alternative Trading System Organiser would refuse to introduce such shares or right to list them into the Alternative Trading System,

3) that there was no option of concluding a contract with the Issuer or Authorised Adviser to ensure the repurchase of the instruments being offered by the Issuer or Authorised Adviser, in particular in the case of refusal by the Alternative Trading System Organiser to list such shares or rights to them in the Alternative Trading System, or where the shares could not be listed in the period set out in the contract for other reasons.

Hence, the Issuer has met the requirements referred to in § 15c of the Alternative Trading System Rules.

7. The legal basis for the issue of financial instruments, stating the authority or persons authorised to decide on issuing financial instruments, the date and form of decision on issuing financial instruments, including the contents thereof

Pursuant to Articles 430-432 of the Commercial Companies and Partnerships Code and § 9 (1) of the Issuer's Articles of Association, the authority with the power to make the decision to increase the Issuer's share capital through share issue is the General Meeting.

7.1. SERIES-B AND C SHARES

Series-B and C shares have been issued pursuant to Resolution No. 6 of the Extraordinary General Meeting of Shareholders of 6 June 2018, notarised in Notarial Deed Rep. A No. 2832/2018, on increasing the Company's share capital, depriving existing shareholders of all their subscription rights, and on amending the Company's Articles of Association and authorising the Supervisory Board to adopt the consolidated text of the Company's Articles of Association, based on which the Company's share capital has been increased by PLN 5,057.30 (five thousand fifty-seven zloty 30/100), i.e. from PLN 106,650.00 (one hundred and six thousand six hundred fifty zloty) to PLN 111,707.30 (one hundred eleven thousand seven hundred and seven zloty 30/1000) by issuing:

- 50,556 (fifty thousand five hundred and fifty-six) ordinary bearer shares with a nominal value of PLN 0.10 each ("Series-B Shares"),
- 17 (seventeen) Series-C ordinary bearer shares with a nominal value of PLN 0.10 each ("Series-C shares").

The above Resolution of the Issuer's General Meeting was adopted through an open vote, in which valid votes were cast from 106,650 shares, representing 100% of the Company's share capital, with 106,650 votes "for", and no votes "against" and abstentions.

Resolution No. 6 of the General Meeting of Shareholders shall have the following wording:

"Resolution No 6
of the Extraordinary General Meeting
of the company with the registered business name of
QuarticOn Spółka Akcyjna
with its registered office in Warsaw
of 06 June 2018
on increasing the Company's share capital, depriving existing shareholders of all their subscription rights, and on amending the Company's Articles of Association and authorising the Supervisory Board to adopt the consolidated text of the Company's Articles of Association

"Pursuant to Article 431 § 1 and § 2 (1), and Article 430 of the Commercial Companies and Partnerships Code, the Extraordinary General Meeting of the Company hereby resolves as follows:

§ 1

1. *The share capital of the Company shall be increased by PLN 5,057.30 (five thousand fifty-seven zloty 30/100), i.e. from PLN 106,650.00 (one hundred and six thousand six hundred fifty zloty) to PLN 111,707.30 (one hundred eleven thousand seven hundred and seven zloty 30/1000) through the issue of:*
    1) *50,556 (fifty thousand five hundred and fifty-six) ordinary bearer shares with a nominal value of PLN 0.10 each ("Series-B shares"),*
    2) *17 (seventeen) Series-C ordinary bearer shares with a nominal value of PLN 0.10 each ("Series-C shares").*
2. *The issue price of Series-B shares shall be PLN 0.10 (10/1000) per share.*
3. *The issue price of Series-C shares shall be PLN 30.00 (thirty zloty) per share.*

4. *Series-B and Series-C shares shall be subscribed for through private placement, as defined in Article 431 § 2 (1) of the Commercial Companies and Partnerships Code, based on the offering for their subscription made by the Management Board of the Company to specifically identified persons, numbering not more than 149 (one hundred and forty-nine), selected from among the Members of the Company's Management Board and the Company's executives and associates who, in the Management Board's view, have contributed to the Company's development.*

5. *Series-B and Series-C shares shall participate in the dividend payable from the first of January two thousand and eighteen (01 January 2018).*

6. *Series-B and Series-C shares shall be paid for in full with cash contributions made before the share capital increase is registered with the register of entrepreneurs.*

7. *The Management Board of the Company is hereby authorised to take the measures necessary to enforce this Resolution, and in particular to select the individuals to be offered the subscription of shares, to make relevant offers, and to enter into contracts for the subscription of Series-B and Series-C shares, with the caveat that if the offer for the subscription of Series-B or Series-C shares is made to Members of the Company's Management Board, the share subscription agreements concluded shall include the provisions of Article 379 of the Articles of Association. The selection of the Members of the Company's Management Board to be offered the subscription of Series-B or Series-C shares shall require the Supervisory Board's approval.*

8. *Agreements for the subscription of Series-B and Series-C shares should be concluded by the thirtieth of September two thousand and eighteen (30 September 2018).*

§ 2

Pursuant to Article 433 § 2 of the Commercial Companies and Partnerships Code, acting in the best interest of the Company, the Extraordinary General Meeting deprives the existing shareholders of all their subscription rights to Series-B and Series-C shares. Having become familiar with the opinion of the Company's Management Board regarding the deprivation of subscription rights to Series-B and Series-C shares, and the proposed issue price for Series-B and Series-C shares, as appended to this Resolution, the Extraordinary General Meeting approves the contents of the opinion.

§ 3

As the Company's share capital has been increased through the issue of Series-B and Series-C shares, the Extraordinary General Meeting shall amend the Company's Articles of Association by applying the following wording to § 5 (1) of the Company's Articles of Association:

1. "The Company's share capital shall be PLN 111,707.30 (one hundred and eleven thousand seven hundred and seven zloty, 30/100), divided into:

1) 1,066,500 (one million sixty-six thousand and five hundred) Series-A ordinary bearer shares with a nominal value of PLN 0.10 (10/100, ten groszy) each

2) 50,556 (fifty thousand five hundred and fifty-six) Series-B ordinary bearer shares with a nominal value of PLN 0.10 (ten groszy) each

3) 17 (seventeen) Series-C ordinary bearer shares with a nominal value of PLN 0.10 (ten groszy) each".

§ 4

Pursuant to Article 430 § 5 of the Commercial Companies and Partnerships Code, the Extraordinary General Meeting of the Company hereby authorises the Supervisory Board to adopt the consolidated text of the Company's Articles of Association incorporating the amendments made under this Resolution.

§ 5

This Resolution shall come into effect once the amendments to the Company's Articles of Association, adopted pursuant to Resolution No. 3 of this Extraordinary General Meeting of the Company, are registered with the register of entrepreneurs of the National Court Register.

During the General Meeting, a written opinion of the Company's Management Board was presented, stating

the reasons for depriving existing Shareholders of all their subscription rights and providing the suggested issue price for Series-B and Series-C shares:

"As the Management Board of the Company with the registered business name of QuarticOn spółka akcyjna, whose registered office is in Warsaw (address: 02-017 Warszawa, Aleje Jerozolimskie nr 123A), REGON: 142977414, NIP: 5213608082, entered in the register of entrepreneurs of the National Court Register maintained by the District Court for Warsaw, 12th Commercial Division of the National Court Register, under KRS No. 0000715276 ("the Company"), pursuant to Article 433 § 2 of the Commercial Companies and Partnerships Code, in connection with the planned share capital increase through the issue of Series-B and Series-C shares, we believe that it is in the interest of the Company to deprive existing shareholders of the Company of all their subscription rights. The reason this is in the interest of the Company is that Series-B and Series-C shares will be offered to Members of the Management Board and the Company's selected associates who have contributed to the Company's development. This will be a form of reward for their contributions, motivating them to continue their commitment towards improving the Company's financial performance and increasing its revenue, and supporting its expansion and further improvement of the quality and level of its services.

At the same time, we suggest that the Series-B share issue price be equal to its nominal value, i.e. at PLN 0.10 (10/100) per share, and that the Series-C share issue price be PLN 30.00 (thirty zloty) per share. The suggested issue prices reflect the objectives underlying the issue, such that the offering for the subscription of Series-B and Series-C shares is attractive to the individuals being offered the shares, recognising their contribution to the Company's development."

The share capital increase through the issue of Series-B and Series-C shares was effected on 24 October 2018 (under Decision of the District Court of Warsaw, 12th Commercial Division of the National Court Register, case ref. WA.XII NS-REJ.KRS/71698/18/848).

7.2. SERIES- F SHARES

Series-F shares have been issued pursuant to Resolution No. 3 of the Extraordinary General Meeting of the Issuer of 08 November 2019, notarised in Notarial Deed Rep. A No. 9812/2019, on increasing the share capital of the Company by issuing Series-F ordinary bearer shares and depriving the existing shareholders of the Company of their subscription rights to new shares, and on amending the Company's Articles of Association to increase the share capital of the Company by no more than PLN 2,000.00 (two thousand zloty) through the issue of no more than 20,000 (twenty thousand) Series-F shares with a nominal value of PLN 0.10 (10/100) each.

In accordance with the opinion of the Company's Management Board presented on 08 November 2019 to explain the reasons for depriving existing Shareholders in the Company of their subscription rights, the Management Board offered the subscription of Series-F shares to the existing shareholder: ACATIS Investment Kapitalverwaltungsgeselschaft mbH. The Issuer offered the subscription of series-F shares to only one entity.

Resolution No. 3 of the General Meeting of Shareholders shall have the following wording:

"Resolution No 3
of the Extraordinary General Meeting
of QuarticOn S.A.
of 08 November 2019
on increasing the Company's share capital through the issue of Series-F ordinary bearer shares
and depriving existing shareholders of their subscription right for
new-issue shares, and on amending the Company's Articles of Association

Pursuant to Articles 430–433 of the Commercial Companies and Partnerships Code, the Extraordinary General Meeting of QuarticOn S.A. hereby resolves that:

§ 1

1. *The Company's share capital shall be increased by no more than **PLN 2,000.00** (two thousand zloty) by issuing no more than **20,000** (twenty thousand) **Series-F shares with a nominal value of PLN 0.10** (PLN 10/100, ten groszy) each ("**Series F shares**").*
2. *All Series-F shares shall be ordinary bearer shares with a nominal value of PLN 0.10 (ten groszy) each.*
3. *The issue shall be effected if at least one (1) Series F-share has been subscribed for.*
4. *Before registering the share capital increase, the Management Board shall issue a declaration, in the form of a notarial deed, on the amount of the increased share capital subscribed for, in accordance with Article 310 § 2 and § 4, in conjunction with Article 431 § 7 of the Commercial Companies and Partnerships Code (CCPC).*
5. *The Series-F shares shall be paid for by contributions in cash before the share capital increase is registered.*
6. *The issue price of the Series-F shares shall be set by the Company's Management Board and approved by the Company's Supervisory Board.*
7. *The Series-F shares shall qualify for the dividend payable to the shareholders for the financial year ending on 31 December 2019.*
8. *The Series-F shares shall be subscribed for through private placement, as defined in Article 431 § 1 (1) of the CCPC, based on a share subscription offer made by the Company's Management Board to specifically identified individuals and entities.*
9. *The Series-F Share Subscription Agreements shall be concluded within three (3) months of adoption of this Resolution.*

§ 2

1. *Upon becoming familiar with the written opinion of the Company's Management Board, acting in the best interest of the Company, the Company's General Meeting shall deprive existing shareholders of their right to all Series-F shares.*
2. *The opinion issued by the Management Board under Article 433 § 2 of the CCPC to explain the reasons for the exclusion of the subscription rights shall be appended to this Resolution.*
3. *The shareholders share the view of the Company's Management Board that the exclusion of their subscription rights to the Series F shares is in the Company's best interest, as explained in the aforementioned written opinion. The Company's General Meeting hereby resolves that the text of the aforementioned written opinion given by the Company's Management Board shall be considered as the explanation required under Article 433 § 2 of the CCPC.*

§ 3

1. *The Company's General Meeting hereby authorises and obliges the Company's Management Board to perform all factual and legal acts necessary to define and agree on the specific terms of issue of Series-F shares, including in particular to:*
   1) *set the issue price of Series-F shares, subject to the Supervisory Board's prior approval of that issue price*
   2) *choose the identified individuals and/or entities to whom to offer the subscription of the Series-F shares*
   3) *draw up and conclude Series-F share subscription agreements*
   4) *perform any other factual and legal acts in respect of increasing the Company's share capital under this Resolution*
2. *The Company's General Meeting further authorises the Company's Management Board to perform all the factual and legal acts necessary to dematerialise the shares and to seek approval to float them through the NewConnect Alternative Trading System, including to conclude an agreement on registering Series F shares with the Central Securities Depository of Poland operated by Krajowy Depozyt Papierów Wartościowych S.A.*

§ 4

(….)

§ 5

The Resolution shall become effective upon adoption.

During the General Meeting, a written opinion of the Company's Management Board was presented, stating the reasons for depriving existing Shareholders of all their subscription rights and providing the suggested issue price for Series-F shares:

As the Management Board of the Company with the registered business name of QuarticOn spółka akcyjna, whose registered office is in Warsaw ("the Company"), in connection with the planned share capital increase through the issue of Series-F bearer shares, we believe that there are valid economic reasons for the Company to deprive existing shareholders of the Company of all their subscription rights.

This will significantly accelerate the process of issuing new shares and increasing the Company's share capital, as well as allow the Company to take less time to commence the development efforts on e-commerce platforms and accelerate the achievement of positive outcomes in that segment. The Management Board would like to stress that this is one of the strategic foundations of the Company's development.

In the Company's Management Board view, it is through depriving existing shareholders of their subscription rights and offering shares to investors selected by the Company's Management Board, including investors who are Shareholders, that obtaining financing in such an accelerated fashion will be possible. In the first place, the Management Board is planning to offer the Company's shares to ACATIS Investment Kapitalverwaltungsgeselschaft mbH or to a fund under its management. This will allow to effectively inject capital into the Company, reducing the effort and the time required to obtain financing for the Company.

At the same time the Company suggests that the Management Board be the authority to decide on the Series-F share issue price, as it has the best means at its disposal to properly set the price with due consideration of the demand and market situation. Nevertheless, the Management Board must have the Supervisory Board's approval of the issue price set.

The above Resolution of the Issuer's General Meeting of 8 November 2019 was adopted through an open vote, in which valid votes were cast from 546,251 shares, representing 44.22 % of the Company's share capital, with 546,251 votes "for", ad no votes "against" and abstentions.

On 13 November 2019 the Management Board of the Company adopted Resolution No. 1/11/2019 on setting the issue price for Series-F shares, with the following wording:

Resolution No 11/2019
of the Management Board of the company under the business name QuarticOn Spółka Akcyjna
with its registered office in Warsaw
on setting the issue price for Series-F shares

§ 1

The Company's Management Board sets the Series-F share issue price at PLN 41.90 (forty-one zloty 90/100) per share. The issue of Series-F shares shall be effected pursuant to Resolution No. 3 of the Extraordinary General Meeting of Shareholders held on 08 November 2019. The Resolution has been adopted unanimously (100% votes "in favour").

The above price has been approved by the Supervisory Board.

§ 2

The Resolution shall become effective upon adoption.

The Chairman stated that all Members of the Management Board participated in the vote. Two (2) votes "in favour" were cast, with no votes "against" and no abstentions. With regard to the above the Chairman stated that the

Resolution had been adopted unanimously pursuant to Article 371 § 2 of the Polish Commercial Companies and Partnerships Code".

The number of Series-F shares subscribed for, and thus the amount of the Issuer's share capital increased under the above-mentioned Resolution No. 3 of the Issuer's Extraordinary General Meeting of 08 November 2019 on increasing the Company's share capital through the issue of Series-F ordinary bearer shares and depriving existing shareholders of their subscription rights for new-issue shares, and on amending the Company's Articles of Association, has been specified under the declaration of the Issuer's Management Board made on 17 December 2019 in the form of a notarial deed (Notarial Deed Rep. A No. 15159/2019) pursuant to Article 310 § 2 and § 4 in conjunction with Article 431 § 7 of the Commercial Companies and Partnerships Code, with the following wording:

"Management Board's Declaration

§ 1

Acting as Members of the Management Board of QuarticOn Spółka Akcyjna, the Appearers hereto declare that:

a. on 08 November 2019 the General Meeting of the Company, under Resolution No. 3, as put on record by (...), Civil-Law Notary in Warsaw, Rep. A 9812/2019 ("the Resolution"), the share capital of the Company was increased by not more than PLN 2,000.00 (two thousand zloty) through the issue of not more than 20,000 (twenty thousand) Series-F ordinary bearer shares with a nominal value of PLN 0.10 (ten groszy)

b. in accordance with the Resolution, the issue shall be effected if at least one (1) Series F-share has been subscribed for

c. in accordance with the Resolution, before registering the share capital increase, the Management Board shall issue a declaration, in the form of a notarial deed, on the amount of the increased share capital subscribed for, in accordance with Article 310 § 2 and § 4, in conjunction with Article 431 § 7 of the Commercial Companies and Partnerships Code (CCPC).

d. in line with the Resolution, Series-F shares shall be subscribed for through private placement, as defined in Article 431 § 1 (1) of the CCPC, based on a share subscription offer made by the Company's Management Board to specifically identified individuals and entities

e. in line with the Resolution, Series-F Share subscription agreements shall be concluded within three (3) months of adoption of this Resolution

f. on 05 December 2019 the Company and ACATIS Invest Kapitalverwaltunsgesellschaft mbH (address: Taunusanlage 18, D-60325 Frankfurt) hereinafter "the Investor", entered into a share subscription agreement pursuant to which the Investor subscribed for 16,100 (say: sixteen thousand and hundred) Series-F shares for the issue price of PLN 41.90 (say: forty-one zloty, 90/100) per Series-F share, i.e. for a total of PLN 674,590.

§ 2

Acting as Members of the Management Board of QuarticOn Spółka Akcyjna, whose registered office is in Warsaw, pursuant to Article 310 § 2 and 4 of the Commercial Companies and Partnerships Code in conjunction with Article 431 § 7 of the Commercial Companies and Partnerships Code, in connection with the subscription by the Investor of 16,100 Series-F ordinary bearer shares, issued to increase the share capital through the issue of Series-F ordinary bearer shares pursuant to Resolution No. 3 of the General Meeting of the Company of 08 November 2019, the Appearers hereby declare that the share capital increase involved the subscription of 16,100 (sixteen thousand and hundred) Series-F ordinary shares with a nominal value of PLN 0.10 (say: ten groszy) each, causing the share capital of the Company to be increased by PLN 1,610 (one thousand six hundred and ten zloty) to PLN 140,430.00 (say: one hundred forty thousand and four hundred thirty zloty).

§ 3

Pursuant to Article 310 § 2 and 4 of the Commercial Companies and Partnerships Code, in conjunction with Article 431 § 7 of the Commercial Companies and Partnerships Code, the Company's Management Board resolves to specify the amount of the share capital, as stated in § 5 (1) of the Company's Articles of Association, at PLN 140,430.00 (say: one hundred and forty thousand four hundred and thirty zloty), divided into:

1) *1,066,500 (one million sixty-six thousand and five hundred) Series-A ordinary bearer shares with a nominal value of PLN 0.10 (10/100, ten groszy) each*
2) *50,556 (fifty thousand five hundred and fifty-six) Series-B ordinary bearer shares with a nominal value of PLN 0.10 (ten groszy) each*
3) *17 (seventeen) Series-C ordinary bearer shares with a nominal value of PLN 0.10 (ten groszy) each,*
4) *152,927 (one hundred and fifty-two thousand nine hundred twenty-seven) Series-D ordinary bearer shares with a nominal value of PLN 0.10 each*
5) *118,200 (one hundred eighteen thousand and two hundred) Series-E ordinary bearer shares with a nominal value of PLN 0.10 (ten groszy) each*
6) *16,100 (sixteen thousand and hundred) Series-F ordinary bearer shares with a nominal value of PLN 0.10 (ten groszy) each.*

§ 4

Therefore, acting as Members of the Management Board of the Company QuarticOn Spółka Akcyjna, with its registered office in Warsaw, the Appearers declare that § 5 (1) of the Company's Articles of Association shall have the following wording:

1. *The Company's share capital is PLN 140,430.00 (say: one hundred and forty thousand four hundred and thirty zloty). The share capital shall be divided into 1,404,300 (say: one million four hundred four thousand and three hundred) shares, including:*
   1) *1,066,500 (one million sixty-six thousand and five hundred) Series-A ordinary bearer shares with a nominal value of PLN 0.10 (10/100, ten groszy) each*
   2) *50,556 (fifty thousand five hundred and fifty-six) Series-B ordinary bearer shares with a nominal value of PLN 0.10 (ten groszy) each*
   3) *17 (seventeen) Series-C ordinary bearer shares with a nominal value of PLN 0.10 (ten groszy) each,*
   4) *152,927 (one hundred and fifty-two thousand nine hundred twenty-seven) Series-D ordinary bearer shares with a nominal value of PLN 0.10 each*
   5) *118,200 (one hundred eighteen thousand and two hundred) Series-E ordinary bearer shares with a nominal value of PLN 0.10 (ten groszy) each*
   6) *16,100 (sixteen thousand and hundred) Series-F ordinary bearer shares with a nominal value of PLN 0.10 (ten groszy) each."*

The share capital increase through the issue of Series-F shares was effected on 10 January 2020 (under Decision of the District Court of Warsaw, 12th Commercial Division of the National Court Register, case ref. WA.XII NS-REJ.KRS/94312/19/801).

The issue of Series-F shares was aimed at obtaining funds to finance new platform plug-ins (new plugins for currently supported platforms and new plugins for new e-commerce platforms), and to start expansion into south-eastern European countries (Hungary, Croatia, Serbia). As the date of this Disclosure, the Issuer is pursuing both objectives.

8. Information on whether the shares have been subscribed for by cash, other pecuniary contribution, or in-kind, including a short description on how they were paid for

Series-B shares have been subscribed for a cash contribution of PLN 5,055.60 (five thousand and fifty-five zloty 60/100), paid to the Issuer's bank account.

Series-C shares have been subscribed for a cash contribution of PLN 510 (five hundred and ten), paid to the Issuer's bank account.

Series-F shares have been subscribed for a cash contribution of PLN 674,590.00 (six hundred seventy-four thousand and five hundred ninety), paid to the Issuer's bank account on 13 December 2019.

9. The dates from which shares participate in the dividend

As at the date of this Disclosure, all the Shares issued by the Issuer have the same dividend rights attached to them.

Series- B and Series-C shares
In accordance with Resolution No. 6 of the Extraordinary General Meeting of the Issuer of 06 June 2018 on increasing the Company's share capital and depriving existing shareholders of all their subscription rights, and on amending the Company's Articles of Association and authorising the Supervisory Board to adopt the consolidated text of the Company's Articles of Association, Series-B and Series-C shares participate in the payable dividend starting from 01 January 2018.

Series- F shares
In accordance with Resolution No. 3 of the Extraordinary General Meeting of Shareholders of 08 November 2019 on increasing the share capital of the Company by issuing Series-F ordinary bearer shares and depriving the existing shareholders of the Company of their subscription rights to new shares, and on amending the Company's Articles of Association, Series-F shares participate in the dividend payable to the shareholders for the financial year ending on 31 December 2019.

Series-B, C and F shares are not privileged with regard to the dividend.

Information on loss coverage for the financial year of 2018.

In the financial year of 2018 the Company did not record any profit. On 27 June 2019 the Ordinary General Meeting of the Issuer adopted Resolution No. 6 on covering the Company's loss for the financial year of 2018, amounting to PLN 1,790.041.39 against the Company's future profit.

The above Resolution was adopted through an open vote, in which valid votes were cast from 527,639 shares, representing 44.71 % of the Company's share capital, with 527,639 votes "for", and no votes "against" and no abstentions.

10. Summary of the rights and obligations attached to financial instruments, additional benefits due to the issuer from the buyer, and obligations of the buyer or the seller, under the Articles of Association or applicable law, to obtain relevant permits or to make appropriate notifications

10.1. GENERAL INFORMATION

Series-B, C and F shares are ordinary bearer shares. The shares carry no particular privileges, limitations as to the transfer of rights attached to shares, and no securities and additional benefits.

10.2. RIGHTS ATTACHED TO FINANCIAL INSTRUMENTS

The rights, obligations and limitations associated with the Issuer's shares are laid down in the Commercial Companies and Partnerships Code, other laws and the provisions of the Articles of Association.

10.2.1. Economic rights

The Issuer's shareholders are in particular entitled to the following economic rights:

1) **The right to dividend, i.e. to have a share in the Company's profit,** as reported in the financial statements, audited by an expert auditor, allocated by the General Meeting to be paid out to shareholders (Articles 347–349 of the Commercial Companies and Partnerships Code). The profit shall be distributed in proportion to the number of shares held. The Articles of Association do not provide for any privileges in respect of this right, which means that each share pays the same amount of dividend. The

Ordinary General Meeting of a public company sets the date as at which the list is established of shareholders entitled to dividend for a given financial year (dividend day) and the dividend payout date. A dividend date may be set on a day which is no earlier than five days and no later than three months from the passage of the Resolution. Another dividend payout date may not be set within three months following the dividend date.

The amount to be divided between shareholders may not exceed the profit for the last financial year, plus undivided profit from previous years and any amounts carried over from supplementary and reserve capitals generated from profit which could be used to pay out the dividend. This amount should be reduced by uncovered losses, own shares and amounts which, in accordance with the Act or the Articles of Association, should be carried over from last financial year's profit to supplementary or reserve capitals (Article 348 § 1 of the Commercial Companies and Partnerships Code). There are no other laws on the rate of dividend or its calculation, and the frequency of payments, and whether they are accumulated or non-accumulated.

The Company's Management Board is authorised to provide shareholders with advance payments in respect of the expected dividend, subject to the rules laid down in Article 349 of the Commercial Companies and Partnerships Code. The advance dividend payment is subject to the Supervisory Board's consent (§ 13 (2) of the Company's Articles of Association).

The Issuer's shares have no other rights attached to them entitling to a share in the Issuer's profit.

The Issuer's shares are not privileged with regard to the dividend.

2) **Pre-emption right in respect of new shares** (Article 433 of the Commercial Companies and Partnerships Code). Shareholders have the pre-emption right in respect of new shares, relative to the number of shares held (subscription share). The General Meeting may deprive shareholders of all or some of their subscription rights as a measure in the best interest of the Company. The Resolution of the General Meeting requires the majority of four fifths of the votes. Shareholders may be deprived of their subscription rights when this was announced on the agenda of the General Meeting. The Management Board presents the General Meeting with a written opinion stating the reasons for the deprivation of subscription rights and the proposed share issue price or how this price should be set. This requirement does not apply when: 1) the Resolution on capital increase stipulates that new shares may be subscribed for in whole by a financial institution (the underwriter), with the obligation to offer them to shareholders to allow them to exercise their subscription rights on the terms set out in the Resolution, 2) the Resolution stipulates that new shares may be subscribed for by the underwriter when shareholders with the subscription right do not subscribe for all the shares offered to them. The above-mentioned requirements apply for the issue of securities convertible into shares or incorporating the share subscription right.

3) **Transferability** (Article 337 § 1 of the Commercial Companies and Partnerships Code). The Issuer's shares are transferable without limitation. The Issuer did not provide for any limitations related to share transfers in the Articles of Association.
4) **The right to share in the company's estate after creditors have been paid or their claims have been secured in the case of the company's liquidation.** The shareholder has the right to share in the Company's estate after creditors have been paid or their claims have been secured, and such share is proportional to their stake in the share capital.
5) **The right to create a pledge or usufruct on shares.** The owners of shares may create a pledge or usufruct rights on them. At the time when shares of a public company on which a pledge or usufruct have been created are registered on securities accounts with the licensed entity in accordance with the laws on trading in financial instruments, the voting right to such shares is enjoyed by the shareholder (Article 340 § 3 of the Commercial Companies and Partnerships Code).

6) **Redemption of shares** (Article 359 of the Commercial Companies and Partnerships Code in conjunction with § 8 (2) of the Company's Articles of Association), The Company's shares may be redeemed with the consent of the shareholder or by way of its acquisition by the Company (voluntary redemption). The shareholder whose shares are to be redeemed is entitled to receive a payment of no less than the value of net assets per share, as demonstrated in the financial report for the last financial year, reduced by the amount to be divided among the shareholders. The shares may be redeemed without payment subject to the shareholder's consent.

7) **The right to demand conversion of shares** (Article 334 § 2 of the Commercial Companies and Partnerships Code)

   The Issuer's Articles of Association do not allow for the possibility of converting bearer shares into registered shares (§ 6 (3) of the Articles of Association). The Issuer's share capital does not comprise any registered shares which are convertible into bearer shares.

10.2.2. Corporate rights

The Issuer's shareholders are in particular entitled to the following corporate rights:

1) **The right to demand information on the relation of dominance or dependence in relation to a specific commercial company or cooperative being a shareholder in the same capital company** (Article 6 § 4-6 of the Commercial Companies and Partnerships Code). The shareholder may require that the company which holds share in that company provide information on whether it is in a relation of dominance or dependence to the given commercial company or cooperative being the shareholder in that same capital company. The beneficiary may also demand that the number of shares or votes which the company holds in the company, including as the pledger, usufructuary or under arrangements with other individuals. Requests for information and replies should be made in writing. Replies to questions should be provided to the Beneficiary and the relevant capital company within ten days of request. If the request to give the reply reached the addressee later than two weeks before the day on which the General Meeting was convened, the time limit for the reply begins on the day following the day on which the General Meeting ended. Starting from the date on which the time limit commences to the date on which the reply is given, the obligated company may not exercise any rights attached to shares in the capital company. This right applies to the end of the dependence relationship, accordingly, in which case, however, the obligations are with the company which ceased to be the controlling company.

2) **The right to demand a registered depositary certificate** (Article 328 § 6 of the Commercial Companies and Partnerships Code) A shareholder of a public company who holds dematerialised shares is entitled to a registered depositary certificate issued in accordance with the laws on trading in financial instruments and to a registered certificate on the right to participate in the general meeting of a public company.

3) **The right to inspect the share register and demand the issue of a copy subject to the costs of its issue being repaid** (Article 341 § 7 of the Commercial Companies and Partnerships Code).

4) **The right to elect the Supervisory Board in separate groups** (Article 385 § 3 of the Commercial Companies and Partnerships Code) Upon an application of the shareholders representing at least one fifth of the share capital, the election of the supervisory board shall be made by the next general assembly by way of a vote in separate groups, even if the articles of association provide for a different procedure for appointing the supervisory board. The persons representing at the general assembly the portion of shares which represents the result of the division of the total number of represented shares by the number of members of the board, may create a separate group for the purpose of electing one member of the board, and shall not participate in the election of the remaining members.

5) **The right to demand the issue of copies of the management board report on the operations of the company and of the financial report, together with a copy of the supervisory board report and the opinion of the auditor** (Article 395 § 4 of the Commercial Companies and Partnerships Code). Copies of the management board report on the operations of the company and of the financial report, together with a copy of the supervisory board report and the opinion of the auditor are issued to shareholders at their request, no later than 15 days before the General Meeting.

6) **The right to convene the extraordinary general meeting** (Article 399 § 3 of the Commercial Companies and Partnerships Code) Shareholders representing at least half the share capital, or at least half of the total votes in a joint-stock company, may convene a general meeting. In such a case, shareholders appoint the chairman of this general meeting.

7) **The right to request that an extraordinary general meeting be convened** (Article 400 of the Commercial Companies and Partnerships Code). The shareholder or shareholders representing at least one tenth of the share capital may request that the extraordinary general meeting be convened, as well as that certain matters be placed on the agenda of the next general meeting. Such request shall be submitted to the management board in writing or electronically. Where an extraordinary general meeting has not been convened within two weeks from submission of the request to convene the general meeting, the registration court may authorise the shareholders who made the request to convene the extraordinary general meeting. The court shall appoint the chairman of this general meeting. The general meeting shall adopt a resolution to decide if the costs of convening and holding the general meeting are to be incurred by the company. The shareholders which requested that the meeting be convened may request the register court to release the company of the obligation to pay the costs imposed under the resolution of the general meeting.

8) **The right to request that individual matters are placed on the agenda** (Article 401 § 1 and 2 of the Commercial Companies and Partnerships Code). The shareholder or shareholders representing at least one twentieth of the share capital may request that certain matters be placed on the agenda of the next general meeting. The request should be made to the management board of a public company no later than 21 days before the scheduled date of the meeting. The request should provide a rationale or a draft resolution on the proposed item of the agenda. The request may be made electronically. The management board of a public company shall immediately, but no later than eighteen days before the scheduled date of the general meeting, announce the changes in the agenda introduced at the request of shareholders.

9) **The right to submit draft resolutions on matters placed or to be placed on the agenda** (Article 401 § 4 i 5 of the Commercial Companies and Partnerships Act). The shareholder or shareholders of a public company representing at least one twentieth of the share capital may, before the scheduled date of the general meeting, submit to the company, in writing or electronically, draft resolutions on matters placed or to be placed on the agenda of the general meeting. The company may immediately announce draft resolutions on the website. During the general meeting, each shareholder may submit draft resolutions on matters placed on the agenda.

10) **The right to participate in the general meeting** (Articles 406^1 – 406^3 of the Commercial Companies and Partnerships Code). The general meeting of a public company may be participated in by individuals who are the Company's shareholders sixteen days before the date of the general meeting (the date of the registered participation in the general meeting). The date of registering participation in the general meeting is the same for all beneficial holders of rights attached to bearer and registered shares. Beneficial holders of registered shares and provisional certificates, likewise those pledgees and usufructuaries who are entitled to vote, may take part in the general meeting, provided they have been entered in the register of shares no later than one week before the general meeting is held. Bearer shares in the form of title deeds carry the right of participating in the general meeting provided the share title deeds have been deposited with the company no later than one week before the date of the general meeting and are not withdrawn before the conclusion thereof. Certificates attesting that shares have been deposited with such notary, bank or brokerage house having a registered office or branch in the Republic of Poland as has been designated in the announcement on convening the general meeting, may be deposited in lieu of the shares. The certificate specifies the numbers of share title deeds and states that such deeds will not be issued before the date of registration of participation in the general meeting.

11) **The right to view and request the provision of a list of shareholders entitled to participate in the general meeting** (Article 407 § 1 and $§1^1$ of the Commercial Companies and Partnerships Code). The shareholder may view the list of shareholders entitled to participate in the general meeting on the

management board's premises, or request a copy thereof, provided that the costs of its issue are repaid. The shareholder of a public company may request that the list of shareholders be sent to them free of charge by email, stating the address to which this list should be sent.

12) **The right to demand that other documents related to the general meeting be issued** (Article 407 § 2 of the Commercial Companies and Partnerships Code) The shareholder may request the issue of copies of applications regarding matters placed on the agenda within a week of the general meeting.

13) **The right to request that attendance be taken at the general meeting by a dedicated commission** (Article 410 § 2 of the Commercial Companies and Partnerships Code). At the request of shareholders holding one-tenth of the initial capital represented at the general meeting, the list of attendance shall be verified by a commission elected for this purpose, composed of no less than three members. The persons making the request are entitled to elect one commission member.

14) **The right to vote at the general meeting** (Article 411 § 1 of the Commercial Companies and Partnerships Code). The Issuer's shares are ordinary bearer shares. Each share carries one vote at the General Meeting. The shareholder of a public company may cast a vote at the general meeting by post where the rules and regulations of the general meeting provide so (Article 411^1 § 1 of the Commercial Companies and Partnerships Code). The shareholder may vote differently with each of their shares (Article 411^3 of the Commercial Companies and Partnerships Code). The shareholder of a public company may vote as a proxy on resolutions concerning the shareholder, as referred to in Article 413 § 1 of the Commercial Companies and Partnerships Code (resolutions concerning the shareholder's accountability to the company on whatever account, including on granting them a vote of acceptance, release from an obligation to the company, or a dispute between him and the company).

15) **The right to appoint a** proxy (Articles 412 and 412^1 of the Commercial Companies and Partnerships Code). A Shareholder may participate in the general meeting and exercise their voting right personally or by proxy. The right to appoint a proxy at the general meeting and the number of proxies may not be limited. The proxy exercises all the rights of a shareholder at the general meeting, unless the power of attorney stipulates otherwise. The proxy may grant a sub-power of attorney, provided that the power of attorney so stipulates. The proxy may represent more than one shareholder and vote differently with shares of each shareholder. A shareholder of a public company who holds shares in an aggregate account may appoint separate proxies to exercise rights attached to shares in that account. A shareholder of a public company who holds shares on an aggregate account may appoint separate proxies to exercise rights attached to shares held on that account. The power of attorney to participate in the general meeting of a public company and exercise the voting right must be granted in writing or electronically. A power of attorney granted electronically does not require a secure electronic signature which is verified with each valid qualified certificate.

16) **The right to inspect the share register and demand the issue of copies of resolutions certified by the management board** (Article 421 § 3 of the Commercial Companies and Partnerships Code).

17) **The right to appeal against resolutions of the general meeting** (Articles 422–427 of the Commercial Companies and Partnerships Code) A general meeting resolution that is contrary to the articles of association or good practice and prejudicial to interests of the company or intended to wrong a shareholder may be appealed against by an action for revoking the resolution brought against the company. The right to bring an action for revoking the resolution of a general meeting shall be vested in: the shareholder who voted against the resolution and, upon the resolution being adopted, demanded that his objection be put on record; the shareholder who was unduly prevented from participating in the general meeting or the shareholders who were absent from the general meeting, exclusively in the event that the general meeting had been improperly convened or the resolution was adopted on a matter not included in the agenda. An action for having a resolution of a general meeting revoked shall be brought no later than one month from obtaining information on the resolution, but no later than three months

from the date of the resolution. The above-mentioned shareholders have the right to bring an action against the company seeking to have an unlawful resolution of a general meeting pronounced invalid. An action for pronouncing invalid a resolution of a general meeting of a public company should be brought within thirty days from the date of promulgation thereof, but no later than one year from the day on which the resolution was adopted.

18) **The right to obtain information on the company** (Articles 428 and 429 of the Commercial Companies and Partnerships Code). During a general meeting the management board shall, at a shareholder's request, furnish them with information concerning the company if assessing a matter on the agenda so warrants. The management board may furnish a shareholder with information about the company outside the general meeting, subject to constraints arising from the provisions of Article 428 § 2 of the Commercial Companies and Partnerships Code. A shareholder who was refused requested information during the general meeting and who made objection for the record may apply to the registration court requesting that the management board be bound over to furnish the information. The application shall be filed within one week from the conclusion of the general meeting at which the information was refused. The shareholder may also apply to the registration court requesting that the company be bound over to publish such information as was furnished to another shareholder outside the general meeting.

19) **The right to bring action for relief** (Article 486 of the Commercial Companies and Partnerships Code). Where the company has not brought action for relief within one year from the disclosure of the injurious act, any shareholder or person otherwise entitled to participate in profit or in the distribution of assets may file a complaint for making good on the damage done to the company. Where the action has proved groundless and the plaintiff, by bringing the action, acted in ill faith or was grossly negligent, the plaintiff shall make good on the damage wrought upon the defendant.

20) **The right to inspect documents and request that copies of documents referred to in Article 505 § 1** (in the case of a merger), Article 540 § 1 of the Commercial Companies and Partnerships Code (in the case of a split-up of the Company) and Article 561 of the Commercial Companies and Partnerships Code (in the case of the Company's conversion) **be made available on the premises of the company free of charge**.

21) **The right to request other shareholders to dispose of all their shares** (Article 82 of the Public Offering Act). A shareholder of a public company who, individually or jointly with the entities it controls or is controlled by, and entities being parties to an agreement under which these entities acquire shares in the public company or vote unanimously at the general meeting, or have a consistent policy related to the company (Article 87 (1) (5) of the Public Offering Act), has reached or exceeded 95% of all votes in that company has the right, within three months from reaching or exceeding that threshold, to demand from other shareholders that they dispose of all their shares (forced buyout). Shares can be acquired by forced buyout without the consent of the shareholder whom the forced buyout concerns. A forced buyout is announced after a security is taken of no less than 100% of the value of the shares to be acquired through forced buyout. Such security should be documented with a certificate from a bank or other financial institution which provides the security or acts as an intermediary in its provision. A forced buyout is announced and effected via a brokerage house active in the Republic of Poland, and such brokerage house is also obliged – within 14 business days before the force buyout proceeds – also to notify its intent to announce the forced buyout to the Financial Supervision Authority and the company which operates the regulated market on which the relevant shares are listed, and where the shares of the company are listed on several regulated markets, to all such companies. In the notification, the brokerage house includes information on the forced buyout. Once announced, the forced buyout may not be withdrawn. The detailed manner in which the information on the intent to acquire shares by forced buyout is announced and the detailed terms and conditions for such acquisition are laid down in the Regulation of the Minister of Finance of 14 November 2005 on acquiring shares in a public company by forced buyout (Journal of Laws No. 229, item 1948).

22) **The right to request that another shareholder buys out a shareholder's shares** (Article 83 of the Public Offering Act). A shareholder of a public company may demand that another shareholder buy out

their shares, provided that such another shareholder has reached or exceeded 95% of all votes in that company. The request shall be made in writing within three months from the day on which such other shareholder has reached or exceeded the threshold (forced buyout). Where the information that the threshold has been reached or exceeded has not been publicly announced pursuant to Article 70 (1) of the Public Offering Act, the time limit for the request commences on the day on which the shareholder of a public company who may request that their shares are bought out has learned, or could have learned, if duly diligent, that another shareholder has reached or exceeded that threshold. The shareholder's request must be complied with, jointly and severally, by the shareholder who has reached or exceeded 95% of all shares, as well as its controlling and controlled entities, within 30 days from the request being made. The joint and several obligation to acquire shares from the shareholder also rests with each party to an agreement on the acquisition of shares in a public company by such entities, or on unanimous voting at the general meeting, or on having a consistent policy related to the company (Article 87 (1) (5) of the Public Offering Act), provided that parties to such an agreement together hold (including controlling and controlled entities) at least 95% of all votes. A shareholder requesting that his shares be bought out is entitled to a price of no less than stipulated in Article 91 (6–8) of the Public Offering Act, with the caveat that if the threshold has been reached or exceeded as a result of the announced invitation to sell or convert all outstanding shares of the company, the shareholder requesting that the shares be bought out is entitled to a price of no less than proposed in that invitation.

23) **The right to request that an expert examines a certain issue related to the formation of a public company or the handling of its matters** (Articles 84 and 85 of the Public Offering Act). Upon the request of a shareholder or shareholders of a public company who hold at least 5% of all votes, the general meeting may adopt a resolution on having an expert examine, at the company's cost, a certain issue related to the formation of a public company or the handling of its matters (an auditor for special matters). To that end, these shareholders may request that an extraordinary general meeting be convened, or that the adoption of such resolution be placed on the agenda of the next general meeting. Articles 400 and 401 of the Commercial Companies and Partnerships Code shall apply, accordingly. The resolution of the general meeting should be adopted at a general meeting whose agenda includes the consideration of the request regarding that resolution. Should the general meeting not adopt a resolution consistent with the request or adopt such resolution in breach of Article 84 (4) of the Commercial Companies and Partnerships Code, the shareholders may, within 14 days from the resolution being adopted, apply to the register court to appoint a specific entity as auditor for special matters.

10.3. INFORMATION ON THE OBLIGATIONS FOR THE BUYER OR SELLER OF SHARES TO OBTAIN APPROPRIATE PERMITS, OR THE OBLIGATION TO MAKE CERTAIN NOTIFICATIONS, AS REQUIRED UNDER THE ARTICLES OF ASSOCIATION OR APPLICABLE LAW

10.3.1. Limitations on trading in Shares under the Articles of Association

The Issuer's Articles of Association do not provide for any limitation on trading in Shares

10.3.2. Limitations on trading in Shares under the Public Offering Act, the Act on trading in financial instruments, the Competition and Consumer Protection Act and the Regulation on concentration

Trading in the Issuer's Shares as securities of a public company is subject to limitations defined in the Public Offering Act, the Act on trading in financial instruments, the Competition and Consumer Protection Act and the Regulation on the control of concentration.

Contractual limitations on trading in Shares

Series-B and Series-C shares were subject to a contractual obligation not to sell them (lock up).

Individuals who subscribed for Series-B or Series-C shares have made the commitment not to sell or otherwise dispose of the above-mentioned shares, and not to enter, directly or indirectly, into any transaction which could result in the above-mentioned shares being transferred to any third person, and not to engage, directly or indirectly, into any talks or negotiations on the disposal of shares with any third person without the Company's prior written consent.

These individuals were bound by the commitment until 31 December 2019. After that date the Shareholders have been allowed to dispose of their Series-B and Series-C shares as they see fit.

Limitations arising from the Public Offering Act

Trading in shares is subject to limitations arising from the Public Offering Act. In particular, in accordance with Article 69 (1) of the Act, whoever:

1. reached or exceeded 5%, 10%, 15%, 20%, 25%, 33%, 33 ⅓%, 50%, 75% or 90% of the total number of votes in a public company, or
2. held at least 5%, 10%, 15%, 20%, 25%, 33%, 33 ⅓%, 50%, 75%, or 90% or 90% of the total number of votes in that company, and reached 5%, 10%, 15%, 20%, 25%, 33%, 33 ⅓%, 50%, 75% or 90%, respectively, or less, due to a reduction in this proportion

shall immediately notify this to the Financial Supervision Authority and the company, no later than four business days from the day on which they have become aware, or could have become aware, if duly diligent, that the proportion of the total number of votes has changed, and where such change results from the shares in a public company being acquired or sold through a transaction concluded in the Alternative Trading System, such notification shall be given within 6 session days from the transaction date.
Furthermore, pursuant to Article 69 (2) (1) and (2) of the Public Offering Act the notification obligation referred to above also applies when the existing proportion held has changed to exceed 10% of the total number of votes by at least 5% of the total number of votes – in a public company in which shares are listed in the Alternative Trading System; as well as when the existing proportion held exceeds 33% of the total number of votes by at least 1% of the total number of votes.

The notification obligation does not exist when, after several transactions made in the Alternative Trading System have been cleared on the same day, the proportion of the total number of votes in a public company at the end of the day of that clearance has not resulted in the threshold of the total number of votes being reached or exceeded, thus arising in such obligations.

The Public Offering Act defines the information which should be included in the notification referred to above. In accordance with Article 69 (4), this includes information on:

1. the date and type of event which caused a change in the proportion with which the notification is concerned,
2. the number of shares before the proportion has changed and their percentage in the share capital of the company and the number of votes attached to such shares and their percentage in the total number of votes,
3. the number of currently held shares and their percentage in the share capital of the company and the number of votes attached to such shares and their percentage in the total number of votes,
4. information on entities controlled by the notifying shareholder which hold shares in the company,
5. information on individuals with whom agreements have been concluded to transfer voting rights,
6. the number of votes attached to shares, calculated in the manner defined in Article 69b (2) of the Public Offering Act, which the relevant individual may or must acquire as the holder of the financial instruments referred to in Article 69b (1) (1) of the Public Offering Act and the financial instruments referred to in Article 69b (1) (2) of the Public Offering Act which are not exercised solely by payment,

the type and name of such financial instruments, the date on which they expire and the date or time limit within which such shares will be or may be acquired,

7. the number of shares votes attached to shares, calculated in the manner defined in Article 69b (3) of the Public Offering Act, which are directly related to the financial instruments referred to in Article 69b (1) (2) of the Public Offering Act, the type and name of such financial instruments, the date on which they expire,
8. the total number of votes stated based on items 3, 6 and 7 above, and their percentage in all votes.

Where the entity obliged to make the notification holds various types of shares, the notification should also include the details referred to in items 2 and 3 above, provided separately for each type of share. The Act allows for the notification to be written in English.
Under Article 69a (1) the notification obligation also rests with the entity which has reached or exceeded the threshold of the total number of votes due to a legal event other than a legal transaction and due to the indirect acquisition of shares in a public company.

This obligation arises also when the voting rights are related to secured securities. This does not apply to situations where the entity for the benefit of which the security has been established may exercise its voting right and declares its intent to do so, in which case the voting right is considered to be due to the entity for the benefit of which the security has been established (Article 69a (3) of the Public Offering Act).

Should the obligations referred to above be violated, Article 89 (1) (1) of the Public Offering Act applies, under which shareholders may not exercise their rights attached to shares in a public company which are the subject of a legal transaction or other legal event which causes the relevant threshold of the total number of votes to be reached or exceeded.

Furthermore, in accordance with Article 75 (4) of the Public Offering Act, pledged securities may not be traded until the pledge expires, except where such shares are acquired under a financial security agreement as defined in the Act of 2 April 2004 on certain financial securities (i.e. Journal of Laws of 2016, item 891).

Article 87 of the Public Offering Act extends the scope of entities bound by the above-mentioned obligations to additionally include:
1) the entity which has reached or exceeded the threshold of the total number of votes, as defined in the Act, as a result of acquiring or selling depository receipts issued in respect of shares of a public company

2) an investment fund – also when the relevant threshold of the total number of votes set in the mentioned provisions is reached or exceeded due to the shares being jointly held by:
a) other investment funds managed by the same investment fund society; b) other investment funds or alternative investment funds established outside the territory of Poland managed by the same fund
2a) an alternative investment fund – also when the threshold of the total number of votes set in the mentioned provisions is reached or exceeded due to the shares being jointly held by:
a) other alternative investment companies managed by the same entity as defined in the Investment Fund Act

b) other alternative investment funds established outside Poland, managed by the same entity

2b) a pension fund – also when the relevant threshold of the total number of votes set in the mentioned provisions is reached or exceeded due to the shares being jointly held by other pension funds managed by the same pension fund society

3) an entity which reaches or exceeds the relevant threshold of the total number of votes set in the mentioned provisions is reached or exceeded due to the shares being held by:
a) a third party in their own name, but at the request or for the benefit of that entity, excluding any shares acquired in connection with performing the acts referred to in Article 69 (2) (2) of the Financial Instruments Act, b) in connection with performing acts involving the management of portfolios which include one or

more financial instruments, in accordance with the Act on trading in financial instruments and the Investment Fund Act – with regard to shares being part of the security portfolios under management and carrying voting rights which the entity, as the managing entity, may exercise at the general meeting on behalf of its principals

c) a third party with whom an agreement has been made to transfer voting rights

4) also the proxy who, as the representative of the shareholder at the general meeting, has been authorised to exercise the voting right attached to a share in a public company where such shareholder has not issued any binding instructions in writing as to the manner of voting

5) also jointly all entities bound by a written or oral agreement under which such entities or a third person referred to in item 3 (a) above, acquire, directly or indirectly, or subscribe for, through an offer other than a public offer, shares in a public company, or vote unanimously at the general meeting, or have a consistent policy related to the company even where only one of such entities has done or is planning to do anything which might give rise to such obligations

6) entities which enter in an agreement referred to in item 5 above and which hold enough shares in a public company to jointly reach or exceed the relevant threshold of the total number of votes defined in the mentioned provisions

8) also on a proxy other than an investment company, authorised to make transactions involving the sales or acquisition of securities on the securities account.

The obligations defined above also arise when the proportion of all votes in a public company is reduced due to the agreement referred to in item 5 being terminated, and due to the party to that agreement having a reduced proportion of all votes, and also where the voting rights are attached to securities deposited or registered with the entity which may dispose of them as it sees fit (Article 87 (1a) and (2) of the Public Offering Act).
In cases specified above in items 5 and 6, or where the proportion of all votes in a public company is reduced due to the agreement being terminated, and also due to the party to that agreement having a reduced proportion of all votes, the obligations referred to above may be exercised by one of the parties to the agreement designated by the parties to the agreement.
The Public Offering Act provides for a presumption that an agreement exists where shares in a public company are held by:
1) spouses, their ascendants, descendants and siblings and relatives of the same line or degree, as well as adoptees, wards and individuals under custody

2) individuals maintaining a shared household

3) affiliates as defined in the Accounting Act.

The number of votes which give rise to the obligations in question:
1) for the controlling entity – includes the number of votes held by its controlled entities,

2) for the proxy who, as the representative of the shareholder at the general meeting, has been authorised to exercise the voting right attached to a share in a public company where such shareholder has not issued any binding instructions in writing as to the manner of voting – includes the number of votes attached to shares provided in the letter of attorney,

3) the number of votes attached to all shares is included even if the exercise of the related voting rights is limited or excluded by articles of association, agreement or applicable law,

4) for the proxy, other than an investment company, authorised to make transactions involving the sales or acquisition of securities on the securities account – includes the number of votes held by the principal, arising from shares held on securities accounts with regard to which the proxy is authorised.

Limitations arising from the MAR

The freedom of trading in the Issuer's shares is also limited under the MAR (Market Abuse Regulation) with regard to the use of inside information.

Article 7 of the MAR defines inside information as the following types of information:

a. information of a precise nature, which has not been made public, relating, directly or indirectly, to one or more issuers or to one or more financial instruments, and which, if it were made public, would be likely to have a significant effect on the prices of those financial instruments or on the price of related derivative financial instruments,
b. in relation to commodity derivatives, information of a precise nature, which has not been made public, relating, directly or indirectly to one or more such derivatives or relating directly to the related spot commodity contract, and which, if it were made public, would be likely to have a significant effect on the prices of such derivatives or related spot commodity contracts, and where this is information which is reasonably expected to be disclosed or is required to be disclosed in accordance with legal or regulatory provisions at the Union or national level, market rules, contract, practice or custom, on the relevant commodity derivatives markets or spot markets,
c. in relation to emission allowances or auctioned products based thereon, information of a precise nature, which has not been made public, relating, directly or indirectly, to one or more such instruments, and which, if it were made public, would be likely to have a significant effect on the prices of such instruments or on the prices of related derivative financial instruments,
d. for persons charged with the execution of orders concerning financial instruments, it also means information conveyed by a customer and relating to the customer's pending orders in financial instruments, which is of a precise nature, relating, directly or indirectly, to one or more issuers or to one or more financial instruments, and which, if it were made public, would be likely to have a significant effect on the prices of those financial instruments, the price of related spot commodity contracts, or on the price of related derivative financial instruments.

Information shall be deemed to be of a precise nature if it indicates a set of circumstances which exists or which may reasonably be expected to come into existence, or an event which has occurred or which may reasonably be expected to occur, where it is specific enough to enable a conclusion to be drawn as to the possible effect of that set of circumstances or event on the prices of the financial instruments or the related derivative financial instrument, the related spot commodity contracts, or the auctioned products based on the emission allowances. In this respect in the case of a protracted process that is intended to bring about, or that results in, particular circumstances or a particular event, those future circumstances or that future event, and also the intermediate steps of that process which are connected with bringing about or resulting in those future circumstances or that future event, may be deemed to be precise information. An intermediate step in a protracted process shall be deemed to be inside information if, by itself, it satisfies the criteria of inside information as referred to in this Article.

Information which, if it were made public, would be likely to have a significant effect on the prices of financial instruments, derivative financial instruments, related spot commodity contracts, or auctioned products based on emission allowances shall mean information a reasonable investor would be likely to use as part of the basis of his or her investment decisions.

In accordance with Article 14 of the MAR, it is prohibited to engage or attempt to engage in insider dealing, recommend that another person engage in insider dealing or induce another person to engage in insider dealing. Under Article 8 of the MAR, insider dealing arises where a person possesses inside information and uses that information by acquiring or disposing of, for its own account or for the account of a third party, directly or indirectly, financial instruments to which that information relates. The use of inside information by cancelling or amending an order concerning a financial instrument to which the information relates where the order was placed before the person concerned possessed the inside information, shall also be considered insider dealing. In relation to auctions of emission allowances or other auctioned products based thereon that are held pursuant to Regulation (EU) No 1031/2010, the use of inside information shall also

comprise submitting, modifying or withdrawing a bid by a person for its own account or for the account of a third party.

Recommending that another person engage in insider dealing, or inducing another person to engage in insider dealing, arises where the person possesses inside information and:

a. recommends, on the basis of that information, that another person acquire or dispose of financial instruments to which that information relates, or induces that person to make such an acquisition or disposal; or
b. recommends, on the basis of that information, that another person cancel or amend an order concerning a financial instrument to which that information relates or induces that person to make such a cancellation or amendment.

The use of the recommendations or inducements referred to in paragraph 2 amounts to insider dealing within the meaning of this Article where the person using the recommendation or inducement knows or ought to know that it is based upon inside information.

These rules apply to any person who possesses inside information as a result of:

a. being a member of the administrative, management or supervisory bodies of the issuer or emission allowance market participant,
b. having a holding in the capital of the issuer or emission allowance market participant,
c. having access to the information through the exercise of an employment, profession or duties; or
d. being involved in criminal activities

and also to any person who possesses inside information under circumstances other than those referred to in the first subparagraph where that person knows or ought to know that it is inside information.

Where the person is a legal person, this Article shall also apply, in accordance with national law, to the natural persons who participate in the decision to carry out the acquisition, disposal, cancellation or amendment of an order for the account of the legal person concerned.

In accordance with Article 9 of the MAR, it shall not be deemed from the mere fact that a legal person is or has been in possession of inside information that that person has used that information and has thus engaged in insider dealing on the basis of an acquisition or disposal, where that legal person:

a. has established, implemented and maintained adequate and effective internal arrangements and procedures that effectively ensure that neither the natural person who made the decision on its behalf to acquire or dispose of financial instruments to which the information relates, nor another natural person who may have had an influence on that decision, was in possession of the inside information; and

b. has not encouraged, made a recommendation to, induced or otherwise influenced the natural person who, on behalf of the legal person, acquired or disposed of financial instruments to which the information relates.

Likewise, it shall not be deemed from the mere fact that a person is in possession of inside information that that person has used that information and has thus engaged in insider dealing on the basis of an acquisition or disposal where that person:

a. for the financial instrument to which that information relates, is a market maker or a person authorised to act as a counterparty, and the acquisition or disposal of financial instruments to which that information relates is made legitimately in the normal course of the exercise of its function as a market maker or as a counterparty for that financial instrument; or
b. is authorised to execute orders on behalf of third parties, and the acquisition or disposal of financial instruments to which the order relates, is made to carry out such an order legitimately in the normal course of the exercise of that person’s employment, profession or duties.

Also, it shall not be deemed from the mere fact that a person is in possession of inside information that that person has used that information and has thus engaged in insider dealing on the basis of an acquisition or disposal where that person conducts a transaction to acquire or dispose of financial instruments and that transaction is carried out in the discharge of an obligation that has become due in good faith and not to circumvent the prohibition against insider dealing and:

a. that obligation results from an order placed or an agreement concluded before the person concerned possessed inside information; or
b. that transaction is carried out to satisfy a legal or regulatory obligation that arose before the person concerned possessed inside information.

Furthermore, it shall not be deemed from the mere fact that a person is in possession of inside information that that person has used that information and has thus engaged in insider dealing, where such person has obtained that inside information in the conduct of a public takeover or merger with a company and uses that inside information solely for the purpose of proceeding with that merger or public takeover, provided that at the point of approval of the merger or acceptance of the offer by the shareholders of that company, any inside information has been made public or has otherwise ceased to constitute inside information. This rule does not apply to stake-building, which involves an acquisition of securities in a company which does not trigger a legal or regulatory obligation to make an announcement of a takeover bid in relation to that company.

The mere fact that a person uses its own knowledge that it has decided to acquire or dispose of financial instruments in the acquisition or disposal of those financial instruments shall not of itself constitute use of inside information.

In accordance with Article (9) (6) of the MAR, an infringement of the prohibition of insider dealing set out in Article 14 may still be deemed to have occurred if the competent authority establishes that there was an illegitimate reason for the orders to trade, transactions or behaviours concerned.

The MAR also governs transactions made by the issuer's managers. Persons discharging managerial responsibilities, as well as persons closely associated with them, shall notify the issuer and the FSA (Financial Supervision Authority) of every transaction conducted on their own account relating to the shares or debt instruments of that issuer or to derivatives or other financial instruments linked thereto. Such notifications shall be made promptly and no later than three business days after the date of the transaction. This obligation applies to any subsequent transaction once a total amount of EUR 5,000 has been reached within a calendar year. The threshold of EUR 5,000 shall be calculated by adding without netting all transactions referred to in paragraph 1.

Article 3 (1) (25) of the MAR defines a person discharging managerial responsibilities as a person within an issuer, an emission allowance market participant or another entity referred to in Article 19(10), who is:

a. a member of the administrative, management or supervisory body of that entity; or
b. a senior executive who is not a member of the bodies referred to in point (a), who has regular access to inside information relating directly or indirectly to that entity and power to take managerial decisions affecting the future developments and business prospects of that entity.

Under Article 3 (1) (26), a person closely associated means:

a. a spouse, or a partner considered to be equivalent to a spouse in accordance with national law,
b. a dependent child, in accordance with national law,
c. a relative who has shared the same household for at least one year on the date of the transaction concerned; or
d. a legal person, trust or partnership, the managerial responsibilities of which are discharged by a person discharging managerial responsibilities or by a person referred to in point (a), (b) or (c), which is directly or indirectly controlled by such a person, which is set up for the benefit of such a person, or the economic interests of which are substantially equivalent to those of such a person.

In accordance with Article 19 (11) of the MAR, a person discharging managerial responsibilities within an issuer shall not conduct any transactions on its own account or for the account of a third party, directly or indirectly, relating to the shares or debt instruments of the issuer or to derivatives or other financial instruments linked to them during a closed period of 30 calendar days before the announcement of an interim financial report or a year-end report which the issuer is obliged to make public according to the rules of the trading venue where the issuer's shares are admitted to trading or national law.

An issuer may allow a person discharging managerial responsibilities within it to trade on its own account or for the account of a third party during a closed period:

a. on a case-by-case basis due to the existence of exceptional circumstances, such as severe financial difficulty, which require the immediate sale of shares,
b. due to the characteristics of the trading involved for transactions made under, or related to, an employee share or saving scheme, qualification or entitlement of shares, or transactions where the beneficial interest in the relevant security does not change.

Detailed regulations related to the permission for making the above-mentioned transactions are set out in the Commission Delegated Regulation (EU) No. 2016/522 of 17 December 2015, supplementing Regulation (EU) No 596/2014 of the European Parliament and of the Council as regards an exemption for certain third countries public bodies and central banks, the indicators of market manipulation, the disclosure thresholds, the competent authority for notifications of delays, the permission for trading during closed periods and types of notifiable managers' transactions ("Regulation 2016/522"). In accordance with Article 7 of Regulation 2016/522, a person discharging managerial responsibilities within an issuer shall have the right to conduct trading during a closed period, provided that the following conditions are met:

a. one of the circumstances referred to in Article 19(12) of the MAR is met,
b. the person discharging managerial responsibilities is able to demonstrate that the particular transaction cannot be executed at another moment in time than during the closed period

In the circumstances set out in Article 19(12)(a) of the MAR, prior to any trading during the closed period, a person discharging managerial responsibilities shall provide a reasoned written request to the issuer for obtaining the issuer's permission to proceed with immediate sale of shares of that issuer during a closed period, which request shall describe the envisaged transaction and provide an explanation of why the sale of shares is the only reasonable alternative to obtain the necessary financing.

When deciding whether to grant permission to proceed with immediate sale of its shares during a closed period, an issuer shall make a case-by-case assessment of a written request by the person discharging managerial responsibilities. The issuer shall have the right to permit the immediate sale of shares only when the circumstances for such transactions may be deemed exceptional.

In accordance with Article 8 (2) of Regulation 2016/522, circumstances may be considered exceptional when they are extremely urgent, unforeseen and compelling and where their cause is external to the person discharging managerial responsibilities and the person discharging managerial responsibilities has no control over them.

When examining whether the circumstances are exceptional, the issuer shall take into account, among other indicators, whether and to the extent to which the person discharging managerial responsibilities:

a. is at the moment of submitting its request facing a legally enforceable financial commitment or claim,
b. has to fulfil or is in a situation entered into before the beginning of the closed period and requiring the payment of sum to a third party, including tax liability, and cannot reasonably satisfy a financial commitment or claim by means other than immediate sale of shares.

During closed period, the issuer shall have the right to permit the person discharging managerial responsibilities within the issuer to trade on its own account or for the account of a third party during a

closed period, including but not limited to circumstances where that person discharging managerial responsibilities:

a. had been awarded or granted financial instruments under an employee scheme, provided that the following conditions are met:

(i) the employee scheme and its terms have been previously approved by the issuer in accordance with national law and the terms of the employee scheme specify the timing of the award or the grant and the amount of financial instruments awarded or granted, or the basis on which such an amount is calculated and given that no discretion can be exercised,

ii) the person discharging managerial responsibilities does not have any discretion as to the acceptance of the financial instruments awarded or granted

b. had been awarded or granted financial instruments under an employee scheme that takes place in the closed period provided that a pre-planned and organised approach is followed regarding the conditions, the periodicity, the time of the award, the group of entitled persons to whom the financial instruments are granted and the amount of financial instruments to be awarded, the award or grant of financial instruments takes place under a defined framework under which any inside information cannot influence the award or grant of financial instruments,

c. exercises options or warrants or conversion of convertible bonds assigned to him under an employee scheme when the expiration date of such options, warrants or convertible bonds falls within a closed period, as well as sales of the shares acquired pursuant to such exercise or conversion, provided that all of the following conditions are met:

(i) the person discharging managerial responsibilities notifies the issuer of its choice to exercise or convert at least four months before the expiration date,

(ii) the decision of the person discharging managerial responsibilities is irrevocable,

(iii) the person discharging managerial responsibilities has received the authorisation from the issuer prior to proceeding

d. had been awarded or granted financial instruments of the issuer under an employee scheme, provided that the following conditions are met:

(i) the person discharging managerial responsibilities has entered into the scheme before the closed period, except when it cannot enter into the scheme at another time due to the date of commencement of employment,

(ii) the person discharging managerial responsibilities does not alter the conditions of his participation in the scheme or cancel his participation in the scheme during the closed period,

(iii) the purchase operations are clearly organised under the scheme terms and that the person discharging managerial responsibilities has no right or legal possibility to alter them during the closed period, or are planned under the scheme to intervene at a fixed date which falls in the closed period

e. transfers or receives, directly or indirectly, financial instruments, provided that the financial instruments are transferred between two accounts of the person discharging managerial responsibilities and that such a transfer does not result in a change in price of financial instruments

f. acquires qualification or entitlement of shares of the issuer and the final date for such an acquisition, under the issuer's statute or by-law falls during the closed period, provided that the person discharging managerial responsibilities submits evidence to the issuer of the reasons for the acquisition not taking place at another time, and the issuer is satisfied with the provided explanation.

Limitations on trading arising from the Consumer and Competition Protection Act

In accordance with Article 13 (1) of the Consumer and Competition Protection Act, the intent to concentrate is subject to notification submitted to the President of the Office for Consumer and Competition Protection (the UOKiK President) and in the case where:

1) the combined worldwide turnover of the undertakings participating in the concentration in the financial year preceding the year of the notification exceeds the equivalent of EUR 1,000,000,000, or
2) the combined worldwide turnover of the undertakings participating in the concentration in the financial year preceding the year of the notification exceeds the equivalent of EUR 50,000,000.

This obligation concerns the intention:
1) of two or more independent undertakings to merge,
2) of one or more undertakings – to take over, by acquiring or taking up stocks, other securities or shares, or otherwise, direct or indirect control over one or more undertakings,
3) of undertakings to create a joint venture,
4) acquisition by an undertaking of a portion of another undertaking's assets (the entirety or part of a business enterprise) if the turnover achieved by way of such assets in either of the two financial years preceding the notification exceeded in the territory of the Republic of Poland the equivalent of EUR 10,000,000.

In accordance with Article 14 of the Consumer and Competition Protection Act, the obligation to notify the intent to concentrate shall not apply where:
1) the turnover of the undertaking over which control is to be taken by acquiring or taking up stocks, other securities or shares, or otherwise, where one or more undertakings take control, directly or indirectly, over one or more undertakings, did not exceed in the territory of the Republic of Poland in either of the two financial years preceding the notification, the equivalent of EUR 10,000,000,

1a) none of the undertakings, in the case of a planned merger or joint undertaking, in either of the two financial years preceding the notification, recorded turnover exceeding the equivalent of EUR 10,000,000,

1b) the concentration entails the taking of control over an undertaking or undertakings belonging to the same capital group, and at the same time acquisition of a portion of the assets of the undertaking or undertakings belonging to that capital group – if the turnover of the undertaking or undertakings over which control is to be taken and the turnover generated by the acquired assets did not exceed in total, within the territory of the Republic of Poland, in either of the two financial years preceding the notification, the equivalent of EUR 10,000,000,

2) a financial institution, the normal activities of which include investing in stocks and shares of other undertakings, for its own account or for the account of others, acquires or takes up, on a temporary basis, stocks and shares with a view to reselling them, provided that such resale takes place within one year from the date of the acquisition or taking up, and that:
   a. this institution does not exercise the rights attached to such stocks or shares, except for the right to a dividend, or
   b. it exercises such rights solely in order to prepare the resale of the entirety or part of the business enterprise, its assets, or those stocks and shares.

The UOKiK President, upon request of a financial institution, may extend, by way of a decision, the time limit referred to above, if the institution proves that resale of stocks or shares was not feasible or not economically justified before one year had passed from the date of their acquisition

3) the concentration involves the acquisition or taking up, on a temporary basis, of stocks and shares with a view to securing debts, provided that such undertaking does not exercise the rights attached to such stocks or shares, except for the right to sell,
4) the concentration occurs as a result of insolvency proceedings, excluding cases where control is to be taken over or a portion of assets acquired by a competitor or a participant of the capital group to which competitors of the undertaking being acquired or of which assets are being acquired belong,
5) the concentration applies to undertakings participating in the same capital group.

A concentration implemented by a dependent undertaking shall be considered as implemented by a dominant undertaking.

For the purposes of determining the amount of turnover based on which it is decided whether or not the intent to concentrate must be notified, in accordance with Article 16 of the Consumer and Competition Protection Act, consideration should be given to both the turnover of undertakings directly participating in

the concentration as well as of the other undertakings participating in the capital groups to which the undertakings directly taking part in the concentration belong.

In the cases referred to in Article 13 (2) (2) and Article 13 (2) (4) of the Act, when determining the amount of turnover, consideration should be given to the turnover of the undertakings taking control over or acquiring a portion of the assets and the other undertakings belonging to the same capital groups as the undertakings taking over control, as well as the turnover generated by the portion of the assets being acquired or by the undertakings over which control is being taken and dependent undertakings thereof.
This turnover also includes a portion of turnover of the following undertakings:

1) undertakings over which control is exercised by undertakings directly participating in the concentration or by undertakings belonging to the same capital groups as the undertakings directly participating in the concentration, jointly with another undertaking or undertakings – in proportion to the number of the controlling undertakings.
2) undertakings which jointly exercise control over the capital group to which the undertaking directly participating in the concentration belongs – in proportion to the number of the controlling undertakings.

The turnover referred to in Article 14 (1) of the Consumer and Competition Protection Act includes the turnover of the undertaking to be taken over as well as of its dependent undertakings. If the undertaking to be taken over or dependent undertakings thereof exercise control over the undertaking jointly with another undertaking or undertakings, the principle described above shall apply accordingly.
Furthermore, if concurrently or over a period not exceeding 2 years:

1) control is taken over of at least two undertakings belonging to the same capital group – the turnover referred to in Article 14 (1) shall include the combined turnover of all such undertakings and dependent undertakings thereof
2) the undertaking acquires a portion of assets of another undertaking or undertakings belonging to the same capital group – the turnover referred to in Article 13 (2) (4) shall include the total turnover generated by all of those portions of assets
3) control is taken over of an undertaking or undertakings belonging to one capital group and a portion of assets is acquired from the undertaking or undertakings belonging to that capital group – the turnover referred to in Article 14 (1b) shall include the combined turnover of all undertakings which are being taken over and dependent undertakings thereof, as well as the turnover generated by all the assets being acquired.

Under Article 94 of the Consumer and Competition Protection Act, the intent to concentrate is notified by:

1) undertakings merging – in the case referred to in Article 13 (2) (1) of the Consumer and Competition Protection Act,
2) an undertaking taking control over another undertaking – in the case referred to in Article 13 (2) (2) of the Consumer and Competition Protection Act,
3) jointly, all undertakings participating in creation of a joint venture – in the case referred to in Article 13 (2) (3) of the Consumer and Competition Protection Act,
4) an undertaking acquiring a portion of another undertaking's assets – in the case referred to in Article 13 (2) (4) of the Consumer and Competition Protection Act.

Where a concentration is implemented by a dominant undertaking through two or more dependent undertakings, the notification of intent to concentrate is submitted by the dominant undertaking.
In accordance with Article 96 (1) of the Consumer and Competition Protection Act, antitrust proceedings in concentration cases should be concluded within one month from the day on which they are instituted. In cases:

1) which are particularly complicated,
2) in which it appears from the information contained in the notification of intent to concentrate or from other information, including information obtained by the UOKiK President in the course of conducted

proceedings, that there is reasonable probability of competition being impeded on the market as a result of the concentration, or
3) where a market study is required
- the time limit for concluding the proceedings shall be extended by 4 months.

In accordance with Article 97 of the Consumer and Competition Protection Act, undertakings subject to an obligation to submit notification of the intent to concentrate are required to refrain from implementing the concentration until the UOKiK President has issued a decision or the time limit in which such a decision should be issued has expired. The legal transaction by which the concentration is to be implemented may be performed under condition of the issuance by the UOKiK President, by way of a decision, of clearance for the concentration, or once the time limits referred to above have expired.

The UOKiK President may impose upon an undertaking or undertakings intending to concentrate an obligation, or accept a commitment on their part, in particular:
1) to dispose of the entirety or a portion of the assets of one or more undertakings,
2) to divest control over a specified undertaking or undertakings, in particular by disposing of a specified block of stocks or shares, or to dismiss one or more entrepreneurs from a position on the management or supervisory board,
3) to grant a competitor an exclusive license.

The UOKiK President shall impose upon an undertaking or undertakings an obligation to provide, within the specified time limit, information regarding the fulfilment of these commitments.
Permissions to concentrate issued by the UOKiK President, by way of a decision, expire if, within 2 years from their issuance date, the concentration has not been implemented. However, where the undertaking participating in the concentration makes a request within 30 days before the time limit referred to above expires, the UOKiK President may extend the time limit by way of a resolution. The UOKiK President may conduct preliminary proceedings before issuing such resolution. Such undertaking must, however, prove that no change has occurred as to the circumstances as a result of which the concentration may cause significant impediment to competition in the market. In the event that a resolution has been issued refusing extension of the time limit, implementing a concentration once the time limit in question has expired requires that the intent to concentrate be notified to the UOKiK President, and that consent be obtained for implementation thereof, under the rules and according to the procedure as specified in the Consumer and Competition Protection Act.
In cases defined in Article 106 of the Consumer and Competition Protection Act, the UOKiK President may impose upon an undertaking, by way of a decision, a maximum fine of 10% of the turnover generated in the financial year preceding the year in which the fine is imposed. One of the grounds on which a fine may be imposed include the implementation of a concentration without obtaining consent from the UOKiK President.

The UOKiK President may also impose upon an undertaking, by way of a decision, a fine of the equivalent of EUR 50,000,000, if the undertaking has, even unintentionally:
1) provided incorrect data in the notification of the intent to concentrate,
2) failed to provide information required by the UOKiK President or provided false or misleading information.

The UOKiK President may impose upon an undertaking, by way of a decision, a maximum fine of the equivalent of EUR 10,000 for each day of delay in compliance with court decisions or judgements in concentration cases. The fine shall be imposed counting from the date specified in the decision.

Furthermore, Article 108 (1) of the Consumer and Competition Protection Act stipulates that the UOKiK President may, by way of a decision, impose on a person holding a managerial position or being a member of

a managing body of an undertaking, a maximum fine of fifty times the average remuneration, if such a person, acting intentionally or unintentionally, has failed to:

1) comply with any decisions, resolutions, or judgements referred to in Article 107,
2) submit a notification of the intent to concentrate referred to in Article 13.

The UOKiK President may revoke permissions to concentrate if they were based on unreliable information for which undertakings participating in the concentration were responsible, or where undertakings did not comply with the conditions laid down by the UOKiK President. Where the concentration has already been implemented and restoration of competition in the market is otherwise impossible, and provided that less than 5 years have passed from the concentration, the UOKiK President may, by way of a decision, and specifying a time limit for its implementation under conditions specified in the decision, order in particular:

1) division of the merged undertaking under conditions defined in the decision,
2) disposal of the entirety or a portion of the undertaking's assets,
3) disposal of stocks or shares ensuring control over the undertaking or undertakings, or dissolution of the company over which the undertakings have joint control.

Failure to notify the intent to concentrate to the UOKiK President and to comply with the non-compete decision may have similar consequences.

Under Article 99 of the Consumer and Competition Protection Act, where the decisions referred to above have not been complied with, the President of the Office may, by way of a decision, divide an undertaking. The division of a company is governed by Articles 528–550 of the CCPC, accordingly. In such a case the UOKiK President shall have the powers of bodies of the companies participating in the division. The UOKiK President may also apply to the court for annulment of agreements or for other legal remedies to be applied aimed at restoring the previous status.

Limitations on trading arising from the Regulation on the control of concentrations between undertakings

The Regulation on the control of concentrations between undertakings applies to all concentrations with a Community dimension. In accordance with Article 1 (2) of the Regulation on the control of concentrations, a concentration has a Community dimension where:

a. the combined aggregate worldwide turnover of all the undertakings concerned is more than EUR 5,000 million; and
b. the aggregate Community-wide turnover of each of at least two of the undertakings concerned is more than EUR 250 million

unless each of the undertakings concerned achieves more than two-thirds of its aggregate Community-wide turnover within one and the same Member State.

A concentration that does not meet the thresholds laid down in paragraph 2 has a Community dimension where:

a. the combined aggregate worldwide turnover of all the undertakings concerned is more than EUR 2,500 million; and
b. in each of at least three Member States, the combined aggregate turnover of all the undertakings concerned is more than EUR 100 million,
c. in each of at least three Member States included for the purpose of item 2 above, the aggregate turnover of each of at least two of the undertakings concerned is more than EUR 25 million,
d. the aggregate Community-wide turnover of each of at least two of the undertakings concerned is more than EUR 100 million

unless each of the undertakings concerned achieves more than two-thirds of its aggregate Community-wide turnover within one and the same Member State.

In accordance with Article 3 of the Regulation on the control of concentrations, a concentration is deemed to arise where a change of control on a lasting basis results from:
a. the merger of two or more previously independent undertakings or parts of undertakings, or
b. the acquisition, by one or more persons already controlling at least one undertaking, or by one or more undertakings, whether by purchase of securities or assets, by contract or by any other means, of direct or indirect control of the whole or parts of one or more other undertakings.

Control shall be constituted by rights, contracts or any other means which, either separately or in combination and having regard to the considerations of fact or law involved, confer the possibility of exercising decisive influence on an undertaking, in particular by:
a. ownership or the right to use all or part of the assets of an undertaking,
b. rights or contracts which confer decisive influence on the composition, voting or decisions of the organs of an undertaking.

In accordance with Article 4 of the Regulation on the control of concentrations, concentrations with a Community dimension defined in this Regulation shall be notified to the Commission prior to their implementation and following the conclusion of the agreement, the announcement of the public bid, or the acquisition of a controlling interest. Notification may also be made where the undertakings concerned demonstrate to the Commission a good faith intention to conclude an agreement or, in the case of a public bid, where they have publicly announced an intention to make such a bid, provided that the intended agreement or bid would result in a concentration with a Community dimension.

In order to deem a concentration incompatible with the common market, the Commission must ascertain that such concentration would impede effective competition on the common market or a substantial part of it, in particular as a result of the creation or strengthening of a dominant position.

In making this appraisal, the Commission takes into account:
a. the need to maintain and develop effective competition within the common market in view of, among other things, the structure of all the markets concerned and the actual or potential competition from undertakings located either within or outside the Community,
b. the market position of the undertakings concerned and their economic and financial power, the alternatives available to suppliers and users, their access to supplies or markets, any legal or other barriers to entry, supply and demand trends for the relevant goods and services, the interests of the intermediate and ultimate consumers, and the development of technical and economic progress provided that it is to consumers' advantage and does not form an obstacle to competition.

The Issuer is not aware of any securities taken on Series-B, C and F shares.

To the Issuer's knowledge, other than specified above, there are no limitations on trading in Shares.

11. Individuals in charge of managing and supervising the Issuer, the Authorised Adviser and entities auditing the Issuer's financial statements (including chartered auditors assigned with audits)

Issuer

The Issuer’s Management Board currently comprises:
- Paweł Wyborski – President of the Management Board,
- Michał Giergielewicz – Member of the Management Board.

The Issuer’s Supervisory Board currently comprises:

- Oktawian Jaworek – Chairman of the Supervisory Board,
- Paweł Lebiedziński – Member of the Supervisory Board,
- Michał Markowski – Member of the Supervisory Board,
- Bartłomiej Łagowski – Member of the Supervisory Board,
- Paweł Chojecki – Member of the Supervisory Board.

Authorised Adviser

The Authorised Adviser is currently managed by:

- Jacek Rachel – President of the Management Board,
- Janusz Smoleński – Vice-President of the Management Board.

The audit firm which audits the Issuer's financial statements

The standalone financial statement of the Issuer for 2018 has been audited by Dorota Neubauer, chartered auditor entered on the list of chartered auditors under No. 13010, acting on behalf of REWIT Księgowi i Biegli Rewidenci Sp. z o.o. with its registered office at ul. Starodworska 1, entered on the list of entities authorised to audit financial statements under 101.

12. Basic information on the Issuer's capital ties which materially affect its business, specifying entities within the Issuer's Capital Group and entities which operate outside the Issuer's Capital Group but are relevant to the business of the Issuer and having personal or capital ties with the Issuer, members of the Issuer's managing or supervisory authorities or major shareholders in the Issuer, specifying for each of them at least one name (business name), legal form, registered office, the business they are engaged in and the Issuer's share in them, members of managing or supervisory authorities of the Issuer, or major shareholders of the Issuer, by participation in the share capital or by contribution, and information on the proportion of total votes or voting rights they are entitled to

The Issuer holds 50% of shares and the same proportion of votes in QuarticOn (Shanghai) Company Ltd., which, however, has not commenced any business and has no material effect on the Company's business. QuarticOn is considering using the said company in the future to sell its services on Asian markets.

The Issuer has acquired a 50% share in the capital of QuarticOn (Shanghai) Company Ltd. in exchange for a cash contribution on EUR 59,000. The remaining 50% of shares in QuarticOn (Shanghai) Company Limited are held by Wan Sheng Asia Ltd. with its registered office in Road Town on the British Virgin Islands. No party has paid for its shares and decided to commence business.

Address: Free Trade Zone, B262, 289, Shanghai, People's Republic of China

The Issuer holds 100% of shares and the same proportion of votes in QuarticOn Ltd. with its registered office in London. The company was registered on 19 March 2019 and has not commenced any business yet. The Company expects QuarticOn Ltd. to be operational by the first half of 2020.

Address: 10 Queen Street Place, London, EC4R 1BE

An entity which is not part of the Issuer's Capital Group but which materially affects the Issuer's business is Venture Fundusz Inwestycyjny Zamknięty (Venture FIZ) with its registered office in Warsaw, holding 251,000 Series-A shares in the Issuer, representing a 17.87% proportion of the capital and votes at the General Meeting. Venture FIZ is entered in the register of investment funds maintained by the Regional Court in Warsaw, 7th Family and Registration Division, Registration Matters, under RFI No. 1093.

The only business of the Fund is to place money raised through private offerings of investment certificates on deposits defined in the Fund's Charter. The Fund's investment objective is to increase the value of its assets by increasing the value of its deposits.

Address: ul. Próżna 9, 00-107 Warszawa

13. Personal, ownership and organisational affiliations

13.1. PERSONAL, OWNERSHIP AND ORGANISATIONAL AFFILIATIONS BETWEEN THE ISSUER AND MEMBERS OF THE ISSUER'S MANAGING AND SUPERVISORY AUTHORITIES

As at the date of this Disclosure, the following affiliations exist between members of the Issuer's authorities:

Management Board:
Paweł Wyborski, President of the Management Board, holds 171,761 shares, representing 12.23% of the capital and total number of votes.

Michał Giergielewicz, Member of the Management Board, holds 23,301 shares, representing 1.66% of the capital and total number of votes.

On 17 December 2018 **Michał Giergielewicz** entered into an employment contract with the Company on a one-eighth time basis as Chief Sales Optimisation Specialist.

Michał Giergielewicz has been appointed as Member of the Management Board – Financial Director by Venture Fundusz Inwestycyjny Zamknięty with its registered office in Warsaw, to exercise his personal authorisations as specified in § 13 (2) of the Articles of Association.

Supervisory Board:

- **Oktawian Jaworek**: no affiliations exist between the Company and Oktawian Jaworek other than that related to his serving on the Company's Supervisory Board.
- **Paweł Lebiedziński**: no affiliations exist between the Company and Paweł Lebiedziński other than that related to his serving on the Company's Supervisory Board.
- **Michał Markowski**: no affiliations exist between the Company and Michał Markowski other than that related to his serving on the Company's Supervisory Board.
- **Bartłomiej Łagowski**: no affiliations exist between the Company and Bartłomiej Łagowski other than that related to his serving on the Company's Supervisory Board.
- **Paweł Chojecki**: no affiliations exist between the Company and Paweł Chojecki other than that related to his serving on the Company's Supervisory Board.

Bartłomiej Łagowski has been appointed into the Supervisory Board of the Company by Paweł Wyborski, who exercised his personal authorities as specified in § 12 (1) (b) of the Articles of Association.

There are no known personal, ownership and organisational affiliations between the Issuer and members of the Issuer's managing and supervisory authorities.

13.2. PERSONAL, OWNERSHIP AND ORGANISATIONAL AFFILIATIONS BETWEEN THE ISSUER AND MEMBERS OF THE ISSUER'S MANAGING AND SUPERVISORY AUTHORITIES

As at the date of this Disclosure, the following personal affiliations exist between members of the Issuer's managing and supervisory authorities, and the Issuer's major shareholders:

Management Board:

- **Paweł Wyborski, President of the Management Board:** no affiliations exist between Paweł Wyborski and the Issuer's major shareholders**.**
- Michał Giergielewicz, Member of the Management Board – Financial Director: no affiliations exist between Michał Giergielewicz and the Issuer's major shareholders.

Supervisory Board:

- **Oktawian Jaworek** – works as Director of the Management Department, Fundusz Venture, Fundusz Venture Fundusz Inwestycyjny Zamknięty at IPOPEMA Towarzystwo Funduszy Inwestycyjnych Spółka Akcyjna; he holds 251,000 Series-A shares of the Issuer, representing 17.87% of the capital and votes at the General Meeting.
- **Paweł Lebiedziński:** no affiliations exist between Paweł Lebiedziński and the Issuer's major shareholders
- **Michał Markowski:** no affiliations exist between Paweł Lebiedziński and the Issuer's major shareholders.
- **Bartłomiej Łagowski:** no affiliations exist between Bartłomiej Łagowski and the Issuer's major shareholders.
- **Paweł Chojecki:** no affiliations exist between Paweł Chojecki and the Issuer's major shareholders.

As at the date of this Disclosure the following ownership affiliations exist between the Issuer and Venture Fundusz Inwestycyjny Zamknięty with its registered office in Warsaw, holding 251,000 Series-A shares in the Issuer, representing 17.87% in the capital and votes at the General Meeting:

1. On 02 October 2017 Venture Fundusz Inwestycyjny Zamknięty with its registered office in Warsaw, as the Lender, and the Issuer, as the Borrower, have entered into a loan agreement
   - for PLN 1,500,000.00 (one million five hundred thousand zloty),
   - with an annual interest rate of 8%; interest payable quarterly, on the last day of the calendar quarter,
   - loan repayment date – by 30 June 2020,
   - loan collateral – own blank bill of exchange with a bill-of-exchange understanding.

2. On 09 November 2017 Venture Fundusz Inwestycyjny Zamknięty with its registered office in Warsaw, as the Lender, and the Issuer, as the Borrower, have entered into a loan agreement
   - for PLN 350,000.00 (three hundred fifty thousand zloty),
   - with an annual interest rate of 7%; interest payable quarterly, on the last day of the calendar quarter,
   - loan repayment date – by 30 June 2020,
   - loan collateral – own blank bill of exchange with a bill-of-exchange understanding.

3. On 23 May 2018 Venture Fundusz Inwestycyjny Zamknięty with its registered office in Warsaw, as the Lender, and the Issuer, as the Borrower, have entered into a loan agreement
   - for PLN 250,000.00 (two hundred fifty thousand zloty),
   - with an annual interest rate of 7%; interest payable quarterly, on the last day of the calendar quarter,
   - loan repayment date – Annex 1 to the agreement was signed to agree that the amount of PLN 150,000.00 (one hundred and fifty thousand zloty) shall be paid by 28 February 2019, and the outstanding amount, i.e. PLN 100,000.00 (hundred thousand zloty) by 30 June 2020,
   - loan collateral – own blank bill of exchange with a bill-of-exchange understanding.

4. On 28 June 2018 Venture Fundusz Inwestycyjny Zamknięty with its registered office in Warsaw, as the Lender, and the Issuer, as the Borrower, have entered into a loan agreement
   - for PLN 500,000.00 (five hundred fifty thousand zloty),
   - with an annual interest rate of 7%; interest payable quarterly, on the last day of the calendar quarter,
   - loan repayment date – by 30 June 2020,
   - loan collateral – own blank bill of exchange with a bill-of-exchange understanding.

There are no known personal, ownership and organisational affiliations between the Issuer or members of the Issuer's managing and supervisory authorities, and the Issuer's major shareholders.

13.3. PERSONAL, OWNERSHIP AND ORGANISATIONAL AFFILIATIONS BETWEEN THE ISSUER, MEMBERS OF THE ISSUER'S MANAGING AND SUPERVISORY AUTHORITIES AND THE ISSUER'S MAJOR SHAREHOLDERS, AND THE AUTHORISED ADVISER (OR MEMBERS OF ITS MANAGING AND SUPERVISORY AUTHORITIES)

The Authorised Adviser does not control and is not controlled by the Issuer.

The following affiliations exist between the Issuer, members of the Issuer's managing and supervisory authorities and the Issuer's major shareholders, and the Authorised Adviser (or members of its managing and supervisory authorities):

1) Dom Maklerski BDM S.A. – the market maker for the Issuer's shares, holds a group of convertible ordinary bearer shares.

2) Dom Maklerski BDM S.A. – the Authorised Adviser for the Issuer, advising the Issuer on its disclosure

obligations.

3) The Issuer has entered into an agreement with Dom Maklerski BDM S.A. to have it handle the floating of Series-B, C and F Shares at the NewConnect market operated by the Warsaw Stock Exchange.

No other affiliations exist between the Issuer, members of the Issuer's managing and supervisory authorities and the Issuer's major shareholders, and the Authorised Adviser (or members of its managing and supervisory authorities).

No personal, ownership and organisational affiliations exist between the Issuer, members of the Issuer's managing and supervisory authorities and the Issuer's major shareholders, and the Authorised Adviser (or members of its managing and supervisory authorities).

14. Main risk factors associated with the Issuer and the financial instruments to be listed

This chapter provides information on risk factors for purchasers of the financial instruments being the subject of this Disclosure, and in particular on factors related to the Issuer's economic, asset-related and financial situation. The list is not exhaustive and includes the primary factors which, to the Issuer's best knowledge, should be taken into account when making investment decisions. In extreme situations the risks described, including any other factors which are not described in this Disclosure as they are much less likely to occur and because of the complex nature of the Issuer's business activity, may result in failure to achieve the Investor's investment objectives, or even in the loss of some of the invested capital.

14.1. RISK FACTORS ASSOCIATED WITH THE ENVIRONMENT IN WHICH THE ISSUER OPERATES

14.1.1. Risk associated with the macroeconomic situation

The Company's business depends on the macroeconomic situation on the markets on which it is providing or will provide services, including primarily in Poland and the Czech Republic. The Issuer's financial performance is affected by such external factors as the rate of economic growth, consumption levels, fiscal and monetary policies and inflation levels in these countries. The efficiency of the Company's operations depends on e-commerce market's proportion of retail and the level of expenditures on IT solutions to support sales and marketing. All these factors have an indirect effect on the Issuer's revenue and financial performance, and play an essential role in the implementation of the Company's strategy and in its development prospects.

14.1.2. Risk associated with the domestic and international legal environment

The Company is exposed to the risk of regulatory changes in the legal environment in which the Company operates, or in which its partners and customers operate. Legal regulations may be subject to change, and the interpretation of applicable laws, even those which are not subject to change, by courts and public administration authorities may be inconsistent, with the risk of such inconsistency existing both at the territorial (interpretation of laws varying by region) and temporal levels (interpretations varying in time). Some legal norms raise doubts as to interpretation due to their ambiguity, creating risks of administrative fines or financial penalties, and exposing the Company to higher claims from other entities in the event of misconstruction. This applies not only to Polish laws, but also to the laws of other countries in which the Company operates.
The laws on conducting business in Poland were amended many times over the last years. This included primarily: labour, social insurance, commercial, enterprise and personal data protection laws. Potential future amendments may involve in particular laws on new technologies and intellectual property, including on copyrights, which is of special significance in the context of the European Parliament's ongoing works on the directive on copyrights in the digital single market. However, as technology continues to advance, it is impossible to make a precise prediction on what kind of amendments will be made. And the negative impact of such amendments on the Company and its current business remains a possibility.

14.1.3. Risks associated with changes in tax regulations

The tax systems in which the Company operates undergo frequent changes. Also, some Polish tax laws are unclear and ambiguous, and tax authorities are often inconsistent in their practices. In particular, there have been considerable doubts as to the interpretation of tax laws, and the fact that they are frequently amended adds to the problem.
Coupled with varying interpretations, this may create greater risks related to tax laws compared to other tax jurisdictions.
There is no way to guarantee that no amendments will be made to Polish tax laws or other tax laws with adverse effects on the Company, and that Polish or European tax authorities will not make a different interpretation of tax laws or one that is unfavourable to the Company. This may lead to disputes with tax authorities, their questioning of the Company's tax returns, and a determination of tax arrears, including interest, and in extreme cases also in a determination of tax liabilities by way of administrative decisions, or in the imposition of fines or penalties.

14.1.4. Currency risk

The Issuer's currency risk is attributable to the fact that an increasing volume of sales is generated in foreign currencies (mainly EUR), while the majority of business-related expenditures are incurred in the Polish currency.
In 2019 almost 68% of the Issuer's sales revenues came from Poland, while the remaining 32% was related to sales abroad. The Company also incurs some of its costs (mainly the rent and hosting services) in foreign currencies; in the period of January-December 2019 these costs represented 25% of the Company's business costs. As the Company continues to implement its strategy to expand sales on foreign markets, the proportion of its transactions made in foreign currencies will grow, and this will apply primarily to revenues. Hence, in the Issuer's view, currency risk may have a significant impact on its financial situation in the future. In the case of a strengthening of the foreign currencies in which foreign sales revenues will be generated, the Issuer will earn greater revenues in PLN terms, whereas if these currencies weaken, the Company will be exposed to lower sales revenues.
In the period covered by the financial statements included in this Disclosure, the Company did not hedge its planned transactions against currency volatility using derivatives.

14.2. RISK FACTORS ASSOCIATED WITH THE ISSUER'S BUSINESS

14.2.1. Risk associated with lower product attractiveness and increased competition

The Company operates in an industry which experiences numerous, frequent and considerable changes related to available and used technologies, in terms of both their improvement and the implementation of entirely new ones. Even though the Company is continuously and systematically monitoring the market for potential changes in technology, it remains a possibility that the technologies on which the Company's business is founded will become less effective or attractive for the Company and its customers.
Moreover, changes introduced by the Company's competitors may involve new solutions related to both technology and marketing, including with regard to the business model of offering and selling services, causing these services to have a greater appeal than those provided by the Issuer.
In order to operate effectively on its market, the Issuer must incur considerable expenditures on research and development. Despite its capital expenditures, the Company cannot guarantee that its product and software development strategy will become successful in the future, as adapting to the rapidly evolving technology might require expenditures beyond the Company's financial capacity. Moreover, the emergence of entirely new technologies in addition to the existing ones will require the expenditures to be dispersed across various projects.
Despite the efforts by the Company to keep its services highly competitive, the acquisitions, mergers and investment processes within the Issuer's environment may lead to significant changes in the Company's position, in terms of both its market share and its competitive position reflected by the terms and prices of services. Consequently, changes in business models undertaken by the Company's competitors or changes in the market environment may have a materially adverse effect on the Company's business, development

prospects, financial situation and financial performance.

14.2.2. Risk associated with adverse events at the Company's third-party partners and with failures and cyberattacks

The Company's core business is the development of software as a service provided electronically as a cloud-based service. The service is provided automatically and through integration with the customer's system. Such integration involves placing the Issuer's software library on the customer's system. In order for the technology to work, IT infrastructure must be put in place which is based on third-party hosting services. The Company uses the server services of mainly reputable companies such as Amazon Web Services Inc. and OVH. While they adhere to the highest security and service continuity standards, there exists a risk of an IT infrastructure failure at third-party providers.
In the event of downtimes, bugs, failures, loss of equipment of software or third-party cyberattacks on counterparties' computer system, the Company may be exposed to the risk of a business stoppage, potentially leading to breaches of contracts with counterparties, and consequently damaging the Issuer's reputation and causing loss of customers.
Therefore, it is essential to continually improve IT tools and make sure that they are fail-safe. Although security systems are in place and backup copies are made, the IT systems used by the Company may be vulnerable to physical and electronic intrusion, computer viruses and other threats (such as ransomware). This can lead to unauthorised third parties gaining access to information stored in the Company's IT systems, or to the Company losing access to such information. Also, bugs and similar issues may compromise the Company's ability to provide services to its customers, disrupt its business, damage its reputation or generate substantial technical, legal and other costs. Possible upgrades or new system implementations may be delayed and also insufficient to fully satisfy the business-related needs.
A partial or complete loss of operational efficiency by the Company due to IT system disruptions might result in difficulties with retaining existing and securing new customers. This, in turn, would lead to lower revenues and possibly higher costs associated with the damages, penalties, fines or compensations in respect of the underlying events, having adverse effect on the Company's financial situation.

14.2.3. Risk associated with the Issuer's product concentration

Currently, the Issuer offers its customers four product categories: product recommendations, email & marketing automation, pop-ups and banners, and additional services. These services have a range of functionalities and applications, but all of them are based on a recommendation engine.
Should the market demand for recommendation engines (for instance, as a result of the Issuer's technology losing its competitive edge, or due to other adverse external or internal events) decrease substantially, the Company will be exposed to the risk of decreased revenue, having a materially adverse effect on the Issuer's business and financial situation. In addition, this could force the Issuer to revise its business model (the scale of such revision depending on the situation).
To minimise this risk factor, the Company is continuously monitoring and analysing trends in the e-commerce industry, technological developments and competitors' actions.

14.2.4. Risk associated with foreign expansion

While the Issuer operates primarily on the Polish market, the proportion of its foreign sales continues to grow – in 2019 they made up 32% of overall sales, whereas the corresponding figure for 2018 was 24%. According to information obtained from the analytics firms BuiltWith, Datanyze and SimilarWeb, the Issuer is a leader in AI-based sales support and personalisation systems in Central and Eastern Europe. In the years to come the Company is planning to intensify its efforts to expand on new foreign markets (staring with Central Europe and followed by Western Europe). This will initially entail considerable financial expenditures related to marketing and customer acquisition, among others. There is a risk that the Issuer's expansion into new foreign markets will not deliver the outcomes expected by the Issuer within the assumed time horizon. More specifically, the Company may fail to achieve its customer target, and its operations on new markets might

prove less profitable than expected. In order to minimise the risk associated with foreign expansion, the Issuer is carefully analysing the markets it is planning to enter, as well as preparing detailed plans of the costs involved and estimating potential revenues in the future.

14.2.5. Risk associated with the development of new products and the profitability of R&D work

The market on which QuarticOn operates is relatively young, experiencing a rapid development of technology and customer needs. The new products on which the Company is currently working (e.g. smart search, new mailing modules, plugins for new e-commerce platforms) are a response to the identified market needs. However, there is a risk that despite previous analyses and estimations of market capabilities and expectations, the newly launched products will not be welcomed by customers and the number of new-product users will be lower than expected by the Issuer. Consequently, the financial expenditures incurred on new-product development may translate into profits which are lower than the Company expects and have adverse effect on QuarticOn's financial situation.
In addition, the market of new technologies is fairly unpredictable and volatile. And given the above-mentioned rapid technological development, the Company is exposed to risks associated with the need to rapidly adapt its development strategy to the ever-changing market conditions, and to modify or change its products in such a manner as to both meet customers' needs and build the Company's profitability as much as possible.
Over the last years the Company has developed, produced and launched nine tools, including both implementation support tools and products ready for sale (five until late 2016 and four until late 2018). One of them, the RTB project, was subject to a 100% write-down due to the very small revenue it yielded. The Company is expecting that all other projects will bring economic benefits to cover the capital expenditures incurred. However, there is a risk that the Company will not achieve its estimated profitability target for these projects, meaning a potential need for write-downs in the future.

14.2.6. Risk of significant cash flow disruptions and liquidity disruptions

The Issuer is exposed to liquidity risk. The reasons for loss of liquidity may be external, i.e. beyond QuarticOn's control, or internal, which QuarticOn may control. External factors in liquidity risk include the rapid increase in costs of labour, power and other utilities which cannot be compensated for through higher product prices, unfavourable foreign-exchange movements, unexpected interest rate increases, aggressive actions taken by competitors, changes in legislation, etc. Internal causes may include difficulties with recovering receivables, project overload, a lack of appropriate balance between current assets and long-term liabilities, excessive debt-to-equity ratio, insufficient control of costs, poorly competitive development strategy, substantial expenditures on unsuccessful investments. Liquidity issues may also arise as a result of the events such as: major breakdowns/failures and cyberattacks resulting in short- or long-term business stoppages and the need to pay contractual penalties to customers.

As at the end of 2019 the Company had PLN 1,428,000 in assets, compared to PLN 5,264,000 at the end of 2018, mainly the result of reduced balance in cash at the Company. In 2018 the Issuer issued Series-E shares, obtaining about PLN 7,600,000 to pursue its development objectives. The Company spent these funds as intended on launching new products, supporting sales processes and opening a new sales channel (via e-commerce platforms). As at the end of 2019 the Company had PLN 3,947,000 in short-term liabilities, including PLN 675,000 in funds paid towards the issue of Series-F shares, recognised as other financial liabilities. After the increase in share capital was registered by the National Court Register, these funds were transferred to "Equity".

The two factors described above caused the liquidity ratios to fall below the recommended levels. As at the end of 2019 the current liquidity ratio was 0.36 compared to 1.41 as at the end of 2018, while the quick ratio as at the end of 2019 was 0.06 relative to 1.04 as at the end of 2018. However, it should be noted that one of the major components of short-term liabilities in 2018 and 2019 were loans from the principal shareholder (73% of short-term liabilities as at the end of 2018, and 66% as at the end of 2019). The financing provided by

the principal shareholder is aimed at supporting the Issuer's liquidity to facilitate the implementation of the strategy despite insufficient revenues due to new-product launches. The time limit for loan repayment is set as short-term, with an option to extend the financing period. The loan agreement is described in item 12. It is the intent of the principal shareholder to allow the Issuer to realise its development potential by providing it with funds for ongoing operations. As such, this financing may be considered mid-term despite the short time limit for loan repayment, resulting in their being posted as short-term liabilities. After excluding loans provided by the principal shareholder from short-term liabilities, as at the end of 2019, the liquidity ratios are close to levels considered as safe.

The Company is currently fully solvent, although a deterioration in its financial position in the future may not be ruled out. To minimise the described risk, the Issuer is monitoring the external and internal signs of possible solvency issues and taking measures to maximise the proportion of long-term capital in the Company's financing.

14.2.7. Risk of customer loss

As at the end of 2019 the Issuer provided services to about 231 customers. The average churn rate, which describes the percentage of customers who left, was at 3.8%. The level of this rate was affected mainly by the termination of cooperation with several major customers, including one major customer from the VOD segment.
Despite ongoing efforts by the Issuer to reduce this ratio, there is a risk that keeping it at such a low level will be impossible in some periods. A risk exists for increased customer migration due to competitors' actions, the materialisation of the reputational risk and temporary difficulties with improving the Company's tools and services, or technical problems associated with the ongoing functioning of the Issuer's system. Once materialised, these risks will have adverse effect on the Issuer's revenues, and thereby on its financial position.

14.2.8. Risk of losing key personnel and associates

The Company's business and its development prospects depend largely on the knowledge, experience and qualifications of key personnel and associates. The considerable demand for specialists, including especially in the IT industry, and competitors' actions might cause key personnel to leave, as well as make it more difficult to hire new employees or associates with the required knowledge, experience and qualifications. The risk in question may result in the inability to provide the required standard and scope of services, affecting the Company's current operations and development prospects.
In order to prevent this risk from materialising, the Issuer is monitoring the labour market, offering attractive non-pecuniary benefits and trying to adapt to the trends prevailing thereon, including with regard to the wages it offers.

14.2.9. Risk associated with the Company's revenue being contingent on customers' sales

There are two ways in which customers pay the Company for its service: through a fixed, monthly subscription fee and a predefined percentage share in the customer's revenue generated using the Issuer's recommendation engine (the so-called revshare). In 2019 the latter method of payment accounted for about 25% of all sales revenues of the Company. With the Issuer's sales revenues being contingent on the sales generated by the customer, there is a risk that the seasonal nature of the customer's revenue might be reflected in the Company's revenues. In such a situation the Issuer would post lower revenues and, by extension, lower profit.
Nevertheless, as the sales channel continues to develop through e-commerce platforms, where a fixed subscription fee is in place, the commission-based system of payments from customers will be losing its impact on the Company's financial performance. Apart from that, the Issuer has a diverse portfolio of customers, representing a range of industries, meaning that its customers will experience poorer sales in various periods of the year (e.g. clothing and jewellery stores generate the lowest revenues in the first quarter, while stores selling winter sports equipment and accessories experience a decline in revenue in the

second quarter). The decreasing proportion of commission-based payments and the diversification of customers both substantially reduce the risk of the Company's revenue being contingent on customers' sales.

14.2.10. Reputational risk

The Company's operational effectiveness and its market competitiveness is closely linked to its good reputation and the quality of its services. The Issuer recognises the risk that certain negative information on the Company might appear, having adverse effect on the Issuer's development by reducing its ability to secure new customers, thus causing its revenues to decrease.
Even if using its best efforts to keep the quality of its services at a high level, the Issuer may not guarantee that it will manage to uphold its current good reputation permanently. The Company is using its best efforts to continuously monitor its perception among existing customers. There is a risk, however, that a decline in the quality of tools or customer service might cause customers to lose trust in the Company, damaging its market reputation and hindering its operations. At the same time, the reputation of the Company's major competitors may be damaged, for various reasons, causing customers to lose trust in the category of services provided by the Issuer, reducing the number of new customers, or even prompting existing customers of the Company to leave.
When materialised, reputational risk may have a negative impact on the Issuer's ability to generate revenue, potentially damaging the Company's financial position.

14.2.11. Risk associated with public levies

The Issuer's business is subject to public levies in accordance with the applicable laws on corporate income tax, value added tax, Social Insurance Institution contributions and employment-related personal income taxpayer obligations. The Issuer uses its best efforts to meet all its obligations duly and punctually.
However, the Issuer is particularly exposed to the effects of amendments to the Personal Income Tax Act involving changes in the method of calculating tax deductibles in respect of the use or disposal of copyrights to works by their authors, as the large majority of the Issuer's employees perform works which involve, to a varying degree, the development and implementation of software by means of which the Issuer provides its services. An established and clear line of interpretation of the new laws is yet to be given. This is important as multiple diverging interpretations are possible, exposing the Issuer to the risk of miscalculating and collecting and paying miscalculated income tax for its employees, thereby putting the Issuer in breach of its obligations as an income taxpayer. As a result, the Issuer would face legal consequences. On 01 January 2018 an amendment came into effect to limit the scope of revenue from the use and disposal of copyrights by authors and the use and disposal of related rights by artists-performers which may be subject to a flat tax deductible rate of 50%. The new catalogue of preferentially taxed creative business activities includes software development, a core component of the Issuer's business. The scope of such activities, however, is not clearly defined, potentially giving rise to interpretation issues in extreme cases involving some employees hired to develop applications for the Issuer.

14.2.12. Risk associated with copyrights to the software used by the Company

The Issuer uses the Amazon Web Services hosting platform in its business to develop its recommendation system. The parties are bound by a market relationship based on a standard model of cooperation governed by the Amazon Web Services Inc. terms of service. The risk associated with the use of this software and the copyrights to it is minimum.
By conducting its business, the Issuer creates intellectual property in the form of recommendation-engine software. Both source code and supporting documentation, as well as graphic designs (user interfaces, administration panels) required for the software to work properly are subject to copyrights and are developed by the Issuer's employees and its subcontractors. Strategically important for the Issuer's business, this intellectual property requires protection – any dispute over the economic rights to the above-mentioned software components developed by the Issuer would represent a serious threat for the Issuer's ability to carry on its business. In order to mitigate such risk, the Issuer includes copyright transfer clauses in contracts concluded with all individuals with whom it cooperates on developing intellectual property for its own use.

Likewise, appropriate protection must also be ensured for all graphic materials, such as the Issuer's logo, to safeguard its brand. Accordingly, the Issuer has registered its logo as a European Union trade mark. The contract with the graphic designer who has designed the Company's logo contains limited provisions on the transfer of the economic rights to the Issuer, and these might prove insufficient to provide full protection of its interests in that regard. The Issuer has taken steps to sign an annex of the said contract, and at the same time has commenced work on a new version of the logo.

14.2.13. The risk of the Company's technology or intellectual property being illegally copied

The Company is taking active measures to protect its intellectual property. There is a risk, however, that despite this protection, the Company's products and intellectual property, including in particular software and trademarks, will be illegally copied, used without the Company's consent or otherwise violated. Contributing to this risk is that no protection measures are currently available in industrial property law to protect software, which is an important tool used by the Company. The software is protected only by copyrights, leaving other rights of the Company exposed to violations and potentially resulting in financial and reputational losses.

14.2.14. Risk associated with personal data processing

In terms of personal data processing, the basic service offered by the Company can be based on three models. The first model does not involve any processing of personal data of customer website users, as the customer website uses cookies, including a cookie which collects information on user behaviour (however, such cookie file identifies the browser only, rather than the specific individual who uses it). In the second one, personal data may be processed because the service offered by the Company can link cookies to email addresses of customer websites to assign purchasing histories and preferences to specific individuals. The data so obtained, processed by the Company-developed software, are used to display further shopping recommendations for specific users. In the third model, which works the same way as the second one, personal data are processed as well, the difference being that recommendations are sent to email addresses of customer-website end users. Since responsibility for the processing of personal data of online-store customers lies with the stores themselves, the Issuer’s risk in that respect is marginal.

Nevertheless, the Issuer is responsible for processing other personal data in compliance with applicable law, including in particular personal data of the employees of the Company and its partners and counterparties.

As at the date of this Disclosure the Issuer must comply with the obligations stipulated in Regulation of the European Parliament and Council (EU) 2016/679 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 – GDPR) and the Personal Data Protection Act, which impose a number of obligations on personal data controllers and data processors, laying down the conditions for personal data processing. The Issuer’s customers must comply with the obligations laid down in the GDPR, which applies directly within the EU and with regard to the processing of data within the EU. The GDPR sets out the principles for processing personal data, such as the principles of lawfulness, fairness and transparency, restriction of processing, data minimisation, accuracy, integrity and confidentiality, and accountability. Also, the GDPR extends a number of rights to data subjects. It expands the scope of obligations of data controllers and data processors, laying down the rules under which data may be transmitted to third countries (such as the US), and also allows for administrative fines to be imposed on data controllers and processors for non-compliance with the GDPR. Furthermore, the GDPR grants supervisory authorities in EU member states with certain powers, including in particular to impose a temporary or definitive limitation on processing, including a ban on processing. Data processors are required to notify personal data breaches to the supervisory authority within 72 hours after having become aware of it. Data processors are required to notify personal data breaches to the data controller without undue delay. An infringement of the GDPR is subject to an administrative fine of up to EUR 20 million, or up to 4% of annual revenue (whichever is higher). In addition, the GDPR strengthens the compensation rights of persons who have suffered damage as a result of an infringement of the GDPR. This might lead to an increase in civil-

law claims against data controllers or processors, resulting in the risk of litigation costs, including with the obligation to pay compensation to persons who have suffered damage due to the infringement. In the event of an infringement of the GDPR, the Issuer may in particular run the risk of having to pay high fines or compensations, potentially damaging its financial position, development prospects, performance and the market price of its shares.

As the GDPR and the Personal Data Protection Act have come into force only recently, and given that personal data protection laws are EU laws applicable directly on the territory of the Republic of Poland, there is a risk associated with how the laws will be interpreted, and how they will translate into court and administrative rulings. In this light a risk arises that the personal data protection measures currently taken by the Issuer will prove wrong or inappropriate under administrative or court rulings, potentially resulting in the imposition of the aforementioned fines or liability for damages to natural persons.

14.2.15. Risk associated with a personal data breach ("data leak")

Intentional actions by third parties, fraudulent employees or associates, as well as errors and negligence by employees, associates or subcontractors might lead to the confidential data of the Issuer and of the users of tools offered by the Issuer being disclosed to unauthorised persons. Such disclosure may involve both personal data and other information, including business secrets of the Company and third parties.

In the event of such data leak, the Issuer might be exposed to third-party claims and fines imposed by relevant public administration authorities or courts, potentially hindering the Company's business, or preventing it altogether. Such circumstances may have a materially adverse effect on the Company's perception among customers and prompt them to migrate to competitors, effectively damaging the Issuer's business and undermining its financial position.

14.2.16. Risk associated with factors beyond the Company's control

The Company is exposed to the risk of suffering damage or incommensurate costs due to human error, external system errors/failures, including errors/failures of IT systems, or as a result of external events causing, in particular, operational disruptions attributable to various factors beyond the Issuer's control, such as breakdowns/malfunctions of equipment owned by the Company or its suppliers. This type of technology-related risk is described in item 14.2.2.

The Company is also exposed to the effects of force majeure (fires or natural disasters), acts of terror or attempts at extortion and theft, both internal and external, as well as fraud and other unlawful acts or omissions of the Issuer's employees and subcontractors, or other entities for whose actions or omissions the Company is in any way responsible. Measures to identify and prevent all kinds of fraud or other unlawful acts by the Issuer's employees and third parties cooperating with the Company might sometimes prove ineffective, potentially damaging the Issuer's reputation and forcing the Company to redress the resulting third-party damage.

14.2.17. Risk associated with the underinsurance of the Issuer's business

The Issuer has entered into an insurance agreement to provide third-party liability insurance to the Company's executives, a property insurance agreement covering office equipment and furniture, and an insurance agreement to protect against the effects of the offered software, whether due to its proper functioning or malfunction.

Should the conditions of these agreements be met, the amounts paid by the insurance company might be inadequate to cover the losses suffered by the Issuer, or to meet third-party claims against the Insurer. Furthermore, the insurer may, in certain situations defined in the agreements, refuse to cover the losses suffered by the Issuer or meet the claims against the Issuer. Also, unexpected risks may materialise which are outside the scope of insurance cover, or for which there is no economic reason to protect against, or for

which the proposed insurance terms and coverage limits will be, in the Issuer's view, insufficient to minimise the possible high costs of covering losses. Therefore, the Issuer is unable to ensure, under existing insurance agreements, full coverage of losses related to its business activities, and the scope of its insurance cover might prove inadequate, forcing the Issuer to pay for the losses from its own funds, whether the full amount or the amount in excess of the insurance limit. There is no way of excluding the possibility of future losses which are uncovered or exceed the insurance limit.

Additionally, a risk exists that the Issuer's insurance premiums will rise as a result of, among other factors, the occurrence of material insured losses and the resulting adjustment of the Issuer's loss ratio based on historical data or the general adjustment of the loss ratio in the Issuer's market sectors. Also, it remains a possibility that in the future the Issuer is unable to secure insurance cover at the existing level or under other satisfactory terms. Consequently, the Issuer may have inadequate cover against the losses suffered in the course of its business, which could have a materially negative effect on the Company's performance and financial position, should a risk materialise.

14.2.18. Risk associated with changes in labour law

The Issuer is also exposed to the risk of growing costs of employment and third-party services under civil-law contracts. Recently, there have been changes in the pay-related rules applicable to employees and contractors. In particular, minimum hourly wages have been introduced, set by the Social Dialogue Council, for persons performing contracts of mandate or providing services under civil-law contracts. Also, the minimum wage in Poland has been consistently on the rise, and it is very likely that labour costs will continue to grow rapidly. These factors could cause the Issuer's costs to increase, having a negative impact on its business, financial performance and development prospects.

14.2.19. Risk associated with the shareholders' right to appoint members of the Issuer's authorities

In line with § 12 of the Issuer's Articles of Association, the Company's Supervisory Board comprises from five (5) to seven (7) members, two of whom are appointed in the following manner: (i) one member of the Supervisory Board is appointed by the shareholder Venture Fundusz Inwestycyjny Zamknięty, with its registered office in Warsaw (as long as it holds at least 10% of shares in the Company's share capital), and (ii) one member of the Supervisory Board is appointed by the shareholder Paweł Wyborski with his registered office in Warsaw (as long as he has at least 5% of shares in the Company's share capital). Other members of the Supervisory Board are appointed by the Issuer's General Meeting. The above-mentioned personal powers granted to the shareholders Venture Fundusz Inwestycyjny Zamknięty, with its registered office in Warsaw, and Paweł Wyborski, limit the rights to elect members of this body for other shareholders who exercise their voting rights at the General Meeting of the Company. This may have adverse effect on the degree of control over the Company's business exercised by other shareholders in the Company. The risk in question is limited by the fact that the powers of the above-mentioned shareholders are restricted to appointing the minority of members of the Issuer's Supervisory Board. Currently, however, there are no plans for amendments to the Articles of Association which could further mitigate or eliminate this risk.

In accordance with § 13 of the Issuer's Articles of Association, the Management Board comprises one (1) to three (3) members, including one, serving as a Member of the Management Board – Financial Director (in charge of financial matters), who is appointed by the shareholder Venture Fundusz Inwestycyjny Zamknięty with its registered office in Warsaw, and this shareholder also has the exclusive right to appoint such Member of the Management Board. Other Members of the Issuer's Management Board are appointed and dismissed by the Supervisory Board. The above-described power of the shareholder to independently appoint and dismiss one of the Members of the Management Board might lessen the influence of other shareholders in the Company over the ongoing management of the Issuer's business.

14.3. RISK FACTORS ASSOCIATED WITH THE CAPITAL MARKET

14.3.1. Risk associated with the number of Series-B, Series-C and Series-F shares and the price at which they were subscribed

Based on this Disclosure, Series-B, Series-C and Series-F shares will be listed on the NewConnect market. It should be noted that Series-B, Series-C and Series-F shares have been subscribed for as part of a private offering, with existing shareholders being deprived of their subscription rights, at different issue prices:

- Series-B shares have been offered at PLN 0.10
- Series- C shares have been offered at PLN 0.30
- Series- F shares have been offered at PLN 41.90.

The issue prices for Series-B and Series-C shares are defined in Resolution No. 6 of the General Meeting of Shareholders of 06 June 2018. The shares have been offered to selected members of the Company's Management Board and the Company's executives and associates who, in the Management Board's view, have contributed to the Company's development. The issue prices are set to reflect the objectives underlying the issue, such that the offering for the subscription of Series-B and Series-C shares is attractive to the individuals being offered the shares, recognising their contribution to the Company's development. The difference between the issue prices of Series-B and Series- B and C shares was due to the original plan to carry out two issues to incentivise the managerial staff.

In accordance with Resolution No. 3 of the General Meeting of QuarticOn S.A. of 08 November 2019, the issue price of Series-F shares has been set by the Company's Management Board and accepted by the Supervisory Board. The Issuer has made an offer of subscribing for Series-F shares to the existing shareholder: ACATIS Investment Kapitalverwaltungsgeselschaft mbH.

The prices and liquidity of shares issued by NewConnect-listed companies depend on the volume of orders to buy and sell shares placed by investors and the amounts for which these orders are placed. Stock market trading is marked by share-price and turnover volatility. Hence, it remains a possibility that the quantity of listed Shares (Series-B, Series-C and Series-F shares represent about 5.63% of the Issuer's shares currently available on the market) and the issue price, and differences in the issue prices at which Series-B, Series-C and Series-F shares have been subscribed for, will materially affect the market price of the Issuer's shares. There is also a risk of increased supply from shareholders subscribing for shares at lower prices.

Also, it should be noted that the shareholders of the Company who hold Series-B and Series-C shares to be listed in the Alternative Trading System have been required to temporarily limit their sales of the Issuer's securities until 31 December 2019. According to the Issuer's knowledge no lock-up agreement has been made in respect of Series-F shares. There is a risk that the shareholders who own the Shares being listed decide to sell (or intend to sell) them at any time. As the shares in question represent 4.75% of the Issuer's share capital and about 5.63% of the Issuer's shares currently available, if the shareholders who own such shares carry out (or express their intent to carry out) the transaction, this might affect the market price of the Company's shares. The sales of a large number of the Company's shares in the future or belief that such sales could take place might adversely affect the market price of the Company's shares, as well as its ability to raise capital through offerings of shares or other securities. Therefore, the Issuer may not guarantee that the listing of Series-B, Series-C and Series-F shares will not adversely affect the pricing of the Company's securities.

14.3.2. Risk of share price volatility and insufficient share liquidity

The prices of securities listed in the Alternative Trading System may undergo considerable fluctuations depending on supply and demand. These relationships depend on multiple complex factors, including, in particular, unpredictable decisions by individual investors. Many factors influencing the prices of securities listed in the Alternative Trading System are independent of the Issuer's situation and actions. And it is very difficult to predict these fluctuations in both the short and long term. At the same time, the securities listed in the Alternative Trading System are marked by lower liquidity in relation to the securities listed on an unregulated market. In order to maintain the liquidity of its securities trade, the Issuer has signed an market-

maker agreement with an entity licensed to serve as the market maker.

Therefore, there is a risk that holders of the Issuer's shares will not be able to sell them at the time, in the quantity or at the price of their choice. An extreme case would involve the risk of losses due to shares being sold below their purchase price. Similarly, a risk exists that a person interested in buying the Issuer's securities as part of a transaction concluded in the Alternative Trading System may be unable to purchase such securities at the time, in the quantity or at the price of their choice.

It should be noted that the risk of investing in securities listed in the Alternative Trading System is much higher than the risk involved in investing on the regulated market, whether in treasury securities or participation units in stable-growth or balanced investment funds.

14.3.3. Risk associated with the decision to delist or suspend the Issuer's shares from the Alternative Trading System

Subject to other provisions of the Alternative Trading System Rules, in accordance with § 11 of the Alternative Trading System Rules, the organiser of such system may suspend trading in financial instruments:

1) at the Issuer's request
2) if it deems it necessary to ensure trading security and the interest of the alternative trading market participants
3) if the Issuer is in violation of the regulations applicable in the alternative system.

By suspending trading in financial instruments, the Alternative Trading System Operator may set a date by which trading is suspended. This time limit may be extended at the Issuer's request, or where the Alternative Trading System Operator has reasonable concern that upon expiry of such time limit the conditions referred to in items 2) or 3) above will be satisfied.

In accordance with § 11 (2) of the Alternative Trading System Rules, in cases defined by applicable law, the Alternative Trading System Operator suspends trading in financial instruments for as long as required by the aforementioned provisions or a decision by a competent authority.

In accordance with § 11 (3) of the Alternative Trading System Rules, the Alternative Trading System Operator shall suspend trading in financial instruments immediately after having become aware that trading in relevant instruments has been suspended on the regulated market or in the alternative trading system operated by BondSpot S.A., provided that such suspension is due to suspicion of insider dealing, unauthorised disclosure of confidential information, market manipulation, or a suspected breach of the obligation to publish confidential information about the issuer or financial instrument in violation of Articles 7 and 17 of the MAR, unless such suspension could materially harm the interests of investors or disrupt the market.

Subject to other provisions of the Alternative Trading System Rules, in accordance with § 12 (1) of the Alternative Trading System Rules, the organiser of the System may delist financial instruments:

1) at the Issuer's request – where such exclusion is due to the relevant shares being admitted to trading on a regulated market,
1a) at the request of the Issuer of other financial instruments – the decision thereon being conditional on the Issuer meeting additional conditions,
2) if it deems it necessary to ensure trade security and the interest of the alternative trade market participants,
3) where the Issuer repeatedly violates the regulations applicable in the alternative system,
4) where the Issuer is subject to liquidation proceedings,
5) where a decision has been made to merge, split up or convert the Issuer, with the caveat that financial instruments may be delisted on the day of the merger, split-up (spin-off) or conversion at the earliest, respectively.

Subject to other provisions of the Alternative Trading System Rules, in accordance with § 12 (2) of the Alternative Trading System Rules, the organiser of the System may delist financial instruments:

1) in cases defined by law, including in particular:

a. where the Financial Supervision Authority grants permission for the shares to be delisted from the alternative trading system,
b. in the case of shares – after 6 months from the entry into force of a bankruptcy decision regarding the issuer of such shares, or a court decision to dismiss the share issuer's bankruptcy petition for insufficient assets or assets sufficient only to cover the costs of the proceedings, or a bankruptcy court decision to discontinue the bankruptcy proceedings for insufficient assets or assets sufficient only to cover the costs of the proceedings.

2) if the alienability of such instruments has become limited,
3) where the dematerialisation of such instruments has been lifted,
4) in the case of debt securities – after 6 months from the entry into force of a bankruptcy decision regarding the issuer of such debt securities, or a court decision to dismiss the debt security issuer's bankruptcy petition for insufficient assets or assets sufficient only to cover the costs of the proceedings, or a bankruptcy court decision to discontinue the bankruptcy proceedings for insufficient assets or assets sufficient only to cover the costs of the proceedings.

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In accordance with § 12 (3) of the Alternative Trading System Rules, before making the decision to delist financial instruments and until such delisting, the Alternative Trading System Operator may suspend trade in such financial instruments.

In accordance with § 12 (4) of the Alternative Trading System Rules, the Alternative Trading System Operator shall suspend trading in the relevant financial instruments immediately after having become aware that trading in such instruments has been suspended on the regulated market or in the alternative trading system operated by BondSpot S.A., provided that such suspension is due to suspicion of insider dealing, unauthorised disclosure of confidential information, market manipulation, or a suspected breach of the obligation to publish confidential information about the issuer or financial instrument in violation of Articles 7 and 17 of the MAR, unless such suspension could materially harm the interests of investors or disrupt the market.

In accordance with § 12a of the Alternative Trading System Rules, when making the decision to delist financial instruments from trading, the Alternative Trading System Operator is required to provide a rationale for such decision, and immediately send the copy of the decision along with its rationale to the issuer and its Authorised Adviser by fax or email to the email address last provided to the Alternative Trading System Operator.

Within 10 business days from the date the issuer is served the delisting decision, the issuer may submit a written request for reexamination. The request is deemed filed on the date on which its original is received by the chancellery of the Alternative Trading System Operator.

The Alternative Trading System Operator has the obligation to consider the request for reexamination immediately, within 30 business days from submission at the latest, after seeking opinion from the Warsaw Stock Exchange Supervisory Board. Where it is necessary to obtain additional information, declarations or documents, the time limit for considering the request runs from the day the required information is provided. If the Alternative Trading System Operator considers the request for reexamination entirely valid, it may repeal or amend the appealed decision without seeking opinion from the Warsaw Stock Exchange Supervisory Board. The delisting decision must be enforced within 5 business days from the expiry of the time limit for submitting a request for reexamination, and in the case of its submission, within 5 business days from the day it is considered and the delisting decision is upheld. Trading in the relevant financial instruments is suspended until these time limits expire. Another request for listing the same financial instruments in the Alternative Trading System may be submitted, at the earliest, after 12 months from the delisting decision being served, and where a request for reexamination has been submitted, at the earliest after 12 months from the date on which the issuer is served the decision to uphold the delisting decision. This provision applies to other instruments of the relevant issuer, accordingly.

Provisions referred to in §12a (1-5) of the Alternative Trading System Rules do not apply in the case referred

to §12 (1) (1a) of the Alternative Trading System Rules, unless the delisting is conditional on the issuer's meeting additional conditions.

Provisions referred to in §12a (2-5) of the Alternative Trading System Rules do no apply in cases referred to in §12 (2) (1-5) of the Alternative Trading System Rules.

In accordance with §17b (1), where the Alternative Trading System Operator finds it necessary for the issuer to cooperate on meeting disclosure obligations with the entity licensed to act as the Authorised Adviser, the Alternative Trading System Operator may require the issuer to enter into an agreement, whose scope is defined in §18 (2) (3) and (4) of the Alternative Trading System Rules, such that the Authorised Adviser and the issuer cooperate to make sure that the issuer meets its disclosure obligations laid down in the Alternative Trading System Rules, to monitor whether the issuers meet such obligations properly, and also to provide the issuer with ongoing advice on the functioning of its financial instruments in the alternative system. Such agreement should be concluded within 20 business days from the day on which the Alternative Trading System Operator makes the decision in that regard, and it should continue in force at least for one year from conclusion.

In accordance with §17b (2) where the agreement with the Authorised Adviser has been terminated or has expired before the expiry of the time limit specified in the decision made by the Alternative Trading System Operator pursuant to section 1 referred to above, the issuer has the obligation to conclude another agreement with the Authorised Adviser within 20 business days from the day on which the previous agreement expires or is terminated. The new agreement should continue in force until the end of the period specified in the decision of the Alternative Trading System Operator, with the caveat that its term should be extended by the period in which the issuer had no legally binding agreement with the Authorised Adviser which the issuer was obligated to conclude under the decision of the Alternative Trading System Operator, as referred to in section 1 above.

In accordance with §17b (3) of the Alternative Trading System Rules, where the issuer fails to enter into an agreement with the authorised adviser, or where such agreement does not come into effect within the time limit referred to in section 1, i.e. within 30 days from the day on which the Alternative Trading System Operator makes the decision in the matter in question (§17b (1)), or within 20 business days from the day on which the previous agreement is terminated or expires, as referred to in §17b (2), the Alternative Trading System Operator may suspend trading in that issuer's financial instruments. If no appropriate agreement is effectively made with an authorised adviser within 3 months from the start of suspension, the Alternative Trading System Operator may delist such issuer's financial instruments from the alternative system. Provisions of § 12 (3) and § 12a apply accordingly.

In accordance with §17d of the Alternative Trading System Rules, the Alternative Trading System Operator may announce on its website that the issuer has violated the rules or laws applicable to the Alternative Trading System, or that the issuer has not complied with its obligations or has performed them improperly. In such announcement the Alternative Trading System Operator may provide the name of the entity which acts as the Authorised Adviser to the issuer in question.

In accordance with § 18 (7) of the Alternative Trading System Rules, where:

- the agreement with the Authorised Adviser is terminated or expires before 3 years have passed since the day on which the financial instruments were first listed in the alternative system, except where the agreement has been terminated based on the exemption referred to in § 18 (4a) of the Alternative Trading System Rules,
- the Authorised Adviser's license to operate in the Alternative Trading System has been suspended,
- the Authorised Adviser has been removed from the list referred to in § 18 (1) of the Alternative Trading System Rules

the Alternative Trading System Organiser may suspend trading in the financial instruments of the Issuer for which that entity acts as the Authorised Adviser if it considers this to be necessary for the security of trading and the interest of the alternative trading market participants.

In accordance with Article 78 (2) of the Act on trading in financial instruments, where necessary to ensure the security of trading in the alternative trading system, or where investor interests are at risk, the Stock Exchange, as the alternative trading system organiser, discontinues listing financial instruments in the alternative trading system or suspends the start of listing such financial instruments for a period of no more than 10 days when so requested by the Financial Supervision Authority.

In accordance with Article 78 (2) of the Act on trading in financial instruments, where certain financial instruments are traded in circumstances which potentially pose a risk to the proper functioning or security of the alternative trading system, or to investor interests, the Financial Supervision Authority may require that the investment company which organises the alternative trading system suspend trading in such financial instruments.

At the same time, under Article 78 (3a – 3b) of the Act on trading in financial instruments, the requirement referred to in Article 78 (3) the Financial Supervision Authority may set the date until which trading will be suspended. This time limit may be extended where there is reasonable concern that upon expiry of such time limit the conditions referred to in section 3 will be satisfied. The Financial Supervision Authority repeals the decision which includes the requirement referred to in section 3 where it concludes, after making the decision, that there are no circumstance which would pose a risk to the proper functioning or security of the alternative trading system, or to investor interests.

In accordance with Article 78 (4) of the Act on trading in financial instruments, where the Financial Supervision Authority so requires, the Stock Exchange, as the Alternative Trading System Organisers, must delist the financial instruments specified by the Financial Supervision Authority if their trading poses a material risk to the proper functioning or security of the alternative trading system, or harms investor interests.

All announcements on delisting financial instruments or suspending them from trading are published immediately on the Alternative Trading System Organiser's website.

14.3.4. Risk associated with potential admonitions or fines from the Alternative Trading System Organiser

In accordance with §17c of the Alternative Trading System Rules, where the issuer does not comply with the rules and laws applicable in the Alternative Trading System, or fails to meet, or performs improperly, the obligations laid down in the Alternative Trading System, including in particular the obligations laid down in §15a and §15b or §17-17b of the Alternative Trading System Rules, the Alternative Trading System Organiser may, depending on the severity of the infringement or misconduct:

- admonish the issuer,
- impose a fine of up to PLN 50,000 on the issuer.

When making the decision on admonishment or fine, the Alternative Trading System Organiser may require the issuer to remedy its infringements or misconduct, or to take measures to prevent such infringements or misconduct in the future, within a specific time limit, and in particular require the issuer to publish specific documents or information pursuant to the Alternative Trading System Rules.

Where the issuer fails to comply with the admonition or penalty, or continues to disregard the rules or laws applicable to the Alternative Trading System despite such admonition or penalty, or fails to comply with the obligations applicable to the Alternative Trading System, or performs them improperly, or fails to comply with the obligations referred to in the paragraph above, the Alternative Trading System Organiser may impose a fine on the issuer, with the caveat that combined with the fine imposed pursuant to §17c (1) (2), such fine may not exceed PLN 50,000.

The Alternative Trading System Organiser may decide to impose a fine regardless of the decision on the suspension of trading in the relevant financial instruments or their delisting, subject to relevant provisions of the Alternative Trading System Rules.

In accordance with §17d of the Alternative Trading System Rules, the Alternative Trading System Organiser may announce on its website that a fine has been imposed on the issuer. In such announcement the Alternative Trading System Operator may provide the name of the entity which acts as the Authorised Adviser to the issuer in question.

14.3.5. Risk associated with administrative sanctions imposed by the FSA

Companies whose financial instruments are listed in the Alternative Trading System (NewConnect) have the status of public companies, as defined by the Act on trading in financial instruments, allowing the Financial Supervision Authority to impose administrative penalties on them. These sanctions arise from the Public Offering Act, the Act on trading in financial instruments and the MAR. Under these regulations, the issuer may be fined for failing to comply with its statutory obligations.

In accordance with Article 30 (2) of the MAR, in the event of infringements defined in the MAR, involving insider dealing, market manipulation and abuse, disclosing confidential information to the public, transactions concluded by persons discharging managerial responsibilities, insider lists; in the case of legal persons, member states ensure, in compliance with their national laws, that relevant authorities have the power to, among other things, impose at least the following administrative fines:

- for infringements of Articles 14 and 15 of the MAR – EUR 15,000,000 or 15% of total annual revenue of the legal person as reported in the last available financial statements approved by its managing authority, and for member states which have currencies other than EUR, the equivalent of this sum in their national currencies applicable as at the second day of July 2014,
- for infringements of Articles 16 and 17 of the MAR – EUR 2,500,000 or 2 % of total annual revenue as reported in the last available financial statements approved by its managing authority, and for member states which have currencies other than EUR, the equivalent of this sum in their national currencies applicable as at 2 July 2014,
- for infringements of Articles 18, 19 and 20 of the MAR – EUR 1,000,000 and for member states which have currencies other than EUR, the equivalent of this sum in their national currencies applicable as at 2 July 2014.

Pursuant to Article 96 (1) of the Public Offering Act, where the issuer or seller fails to meet its statutory obligations, and in particular the disclosure obligations under the Public Offering Act, the FSA may:

- decide to delist its securities from the regulated market, and where the issuer's securities are listed in the alternative trading system, to delist such securities from this system, or
- impose a fine of up to PLN 1,000,000, with particular consideration of the financial position of the entity being fined, or
- impose both sanctions.

In accordance with Article 96 (1e) of the Public Offering Act, if the issuer fails to comply with, or performs improperly, the obligations referred to in Article 70 (1) of the Public Offering Act, the FSA may issue a decision to delist its securities from the alternative trading system or impose a fine of up to PLN 5,000,000 or the equivalent of 5% of the issuer's total annual revenue as reported in the last audited financial statements for a given financial year, should such revenue be in excess of PLN 5,000,000, or impose both penalties.

In accordance with Article 96 (1) of the Public Offering Act, if the issuer fails to comply with, or performs improperly, the obligations referred to in Article 17 (1) and (4-8) of the MAR, the FSA may issue a decision to delist its securities from the alternative trading system or impose a fine of up to PLN 10,364,000 or the equivalent of 2% of the issuer's total annual revenue as reported in the last audited financial statements for a given financial year, should such fine be in excess of PLN 10,364,000, or impose both penalties. Where it is possible to determine the amount of gain made or loss avoided by the issuer due to non-compliance with the obligations referred to in the above-mentioned provisions, the FSA may, instead of the fine referred to in such provisions, impose a fine of up to three times the amount of the gain made or loss avoided.

Where found to be in breach its obligations defined in Articles 96 (1) and in the Public Offering Act, the entity in breach may be required by the FSA to remedy the breach and to take measures, within a prescribed

time limit, to prevent such breaches in the future. This measure may be applied regardless of whether other sanctions have been imposed under Article 96 (1) of the Public Offering Act.

Pursuant to Article 174 of the Act on trading in financial instruments, whoever, contrary to Article 19 (11) of the MAR, conducts transactions on its own account or for the account of a third party during a closed period, may be imposed a fine of up to PLN 2,072,800 by way of the FSA's decision to that effect. Where it is impossible to determine the amount of gain made or loss avoided by the issuer due to non-compliance with the obligations referred to in the above-mentioned provisions, the FSA may, instead of the fine referred to in such provisions, impose a fine of up to three times the amount of the gain made or loss avoided.

In accordance with Article 174a of the Act on trading in financial instruments, where the issuer, at the request of the person discharging managerial responsibilities, gave the permission to conclude transactions during a closed period in breach of applicable law, the FSA may impose a fine of up to PLN 4,145,600 on the issuer.

In accordance with Article 176 (1) of the Act on trading in financial instruments, if the issuer fails to comply with, or performs improperly, the obligations referred to in Article 18 (1-6) of the MAR, the FSA may impose a fine of up to PLN 4,145,600 or the equivalent of 2% of the issuer's total annual revenue as reported in the last audited financial statements for a given financial year, should such fine be in excess of PLN 4,145,600, or impose both penalties. Where it is possible to determine the amount of gain made or loss avoided by the issuer due to non-compliance with the obligations referred to in the above-mentioned provisions, the FSA may, instead of the fine referred to in such provisions, impose a fine of up to three times the amount of the gain made or loss avoided.

In accordance with Article 176a of the Act on trading in financial instruments, where the issuer or seller fails to comply with, or performs improperly, its obligations under Article 5 of the said Act, the FSA may impose a fine of up to PLN 1,000,000.

Under Article 176c of the Act on trading in financial instruments, in the event of a breach of the MAR, including as set out in Article 176 of the Act on trading in financial instruments, the FSA may order the entity in breach to remedy such breaches of the said provisions and take measures, within a prescribed time limit, to prevent such breaches in the future. This measure may be applied regardless of whether other sanctions have been imposed.

Sanctions imposed on the Issuer may compromise the Issuer's ability, or make it impossible altogether, to trade in its shares in the future, while any fines may directly affect the Issuer's financial performance.

14.3.6. Risk associated with the termination or expiration of the agreement with the Market Maker

Under § 9 (3) of the Alternative Trading System Rules, one of the conditions for listing financial instruments in the alternative trading system is the existence of a valid undertaking of the Market Maker under a market making agreement to comply with the market making requirements with respect to such instruments, including presence on the order book, the minimum value of orders and the maximum spread, as well as the additional conditions for market making, as defined in Exhibit 6b to the Alternative Trading System Rules.

If the agreement with the Market Maker is terminated or expires, the issuer's financial instruments are traded in the single-price auction system with two auctions, as of the third trading day after the termination or expiration of the agreement, unless the Alternative System Organiser decides that trading in such instruments shall be suspended or that they shall be traded in the single-price auction system with one auction, subject to § 9 (5), (10) and (11) of the Alternative Trading System Rules.

If the right of the Market Maker to perform its functions in the alternative trading system is suspended, the issuer's financial instruments are traded in the single-price auction system with two auctions, as of the third trading day after the termination or expiration of the agreement, unless the Alternative System Organiser decides that trading in such instruments shall be suspended or that they shall be traded in the single-price auction system with one auction, subject to § 9 (5), (10) and (11) of the Alternative Trading System Rules.

If a new agreement is concluded with a Market Maker, the Alternative System Organiser may decide that the issuer's financial instruments shall be traded in the continuous trading system or in the single-price auction system with two auctions; however, not earlier than the effective date of the new agreement with the Market Maker, subject to § 9 (10) and (11) of the Alternative Trading System Rules.

However, under § 9 (5) of the Alternative Trading System Rules the Alternative System Organiser may decide that financial instruments shall be traded in the alternative trading system without the obligation to fulfil a Market Maker's requirements in regard to these instruments, in particular due to the nature of the financial instruments, their listing on the regulated market or a market or in an alternative trading system other than the one operated by the Alternative System Organiser. In such a case the Alternative Trading System Organiser may request the issuer to fulfil the condition referred to in section 3 of the Alternative Trading System Rules within 30 days of such request if it considers this to be necessary to improve the liquidity of that issuer's financial instruments.

15. Selected information on the Issuer

15.1. A BRIEF DESCRIPTION OF THE ISSUER'S HISTORY

QuarticOn S.A. is a joint-stock company set up in 2011 (initially as a limited-liability company under the business name of Quartic Sp. z o.o.). At the first stage of its development (by 2015) the Company had developed services involving the use of e-trade data to increase the efficiency of e-advertising. In 2015, following a detailed market analysis, the Company decided to focus on AI-based systems for the support and personalisation of e-commerce and marketing processes.

Landmark events in the Issuer's history

2011	Quartic Sp. z o.o. is established.
2015	The Company's strategy is revised to focus on the development of a recommendation engine, i.e. an AI-based system for the support and personalisation of e-commerce and marketing processes.
2016	Venture FIZ invests its capital in the Company and subscribes for 20% of its shares, in line with the Company's foreign market expansion strategy; work on the VOD-oriented service model is completed.
2017	The Company evolves into a mature organisation; VOD-oriented measures are intensified.
2018	ACATIS joins the Company as its shareholder; preparations for IPO begin.
2019	The Company makes its debut on the NewConnect market; sales based on the SaaS model are launched.

15.2. THE ISSUER'S ACTIVITY – BASIC INFORMATION ON THE ISSUER'S PRODUCTS, GOODS OR SERVICES

QuarticOn S.A. is a tech company which develops IT apps supporting online stores in increasing their sales by means of recommendation engines. Based on high technologies and machine learning, the Issuer's software is capable of daily processing about 1 TB of data on users' behaviour in online stores, using over 2,000 servers in total. The AI-based system takes around 1,000,000 decisions per minute, providing customised portfolios to each customer of an online store, matching his/her specific needs. This saves time and solves everyday problems faced by marketing specialists, as the human factor is not involved in the system offered by the Company.

As at the date of this Disclosure, QuarticOn offers over 90 functions embedded in its solution, which have been grouped in packages featuring diverse ranges of services, e.g. product recommendations, marketing automation or promotion banners. The Company primarily operates on the Central European market (Poland, the Czech Republic, Slovakia and Baltic States), but its customers also include companies from Saudi

Arabia, Serbia, Hungary and Spain.
The Company's products are intended for medium-sized and large online stores (direct/B2B sales), and for small stores alike, which can use them via e-commerce platforms (the SaaS model).

The B2B sales model, based on direct contacts between the Company's sales specialists and customers, is utilised when a given online store expects a portfolio to be better tailored to its needs. The Issuer's standard (default) solution is then modified to achieve better integration with the customer's store and is installed with the assistance of/by the Issuer. The Company sells its software through that channel mainly to medium-sized and large enterprises which first need to test the proposed solutions and then have them tailored to their own IT infrastructure.

As regards sales via e-commerce platforms (the SaaS model), the Company's app is installed as a plug-in for specific store templates available at a given e-commerce platform. In the SaaS model, the management, updating and technical assistance are shifted from the customer to the service provider.
The Company launched its sales via e-commerce platforms in Q3 2019. Since August 2019 the Issuer's services have been available via the Shoptet platform, which is the largest provider of technological solutions in the Czech Republic and Slovakia, serving around 18,000 online stores. In September 2019 the Company obtained access to other 14,000 online stores by launching sales on the Polish Shoper platform (with over 13,000 online stores) and the Slovak CreativeSites platform (with over 800 online stores). In November 2019, following a multi-stage technological verification process, the Issuer began to sell its apps via the international Shopify platform which provides access to over 1,000,000 clients. The Issuer's system can be fully integrated with virtually any e-commerce platform.

Irrespective of the sales channel, QuarticOn's services are provided as cloud-based solutions, which facilitates their quick implementation and use in any place in the world. In consequence, it is the supplier, not the user, that is in charge of controlling the software and ensuring its functional continuity.

Basic information on products and technologies

Currently, the Issuer offers its customers four product (service) categories:

A. Product recommendations
B. Email & marketing automation
C. Pop-ups and banners, ad_servers, smart-search (under development)
D. Additional services – website audits.

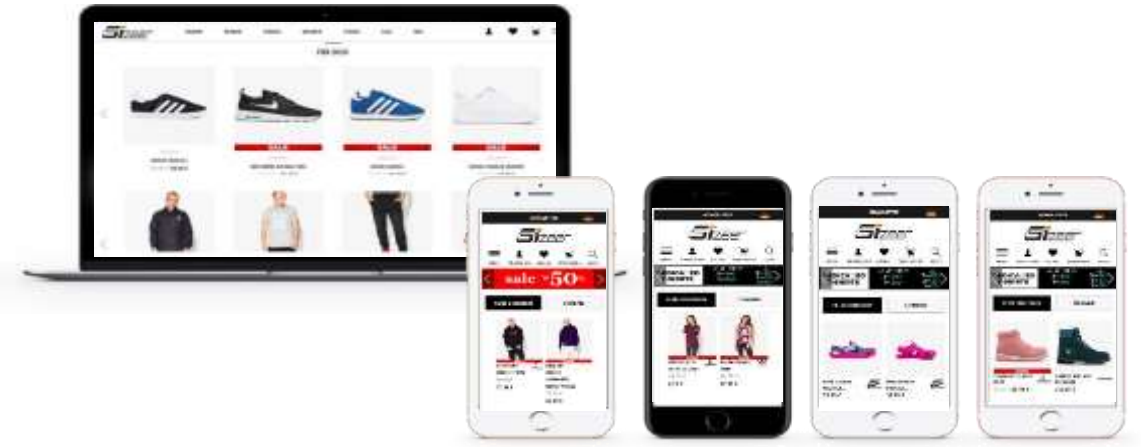
In 2019 product recommendations accounted for 92.0% of the Company's total sales, compared to 96.5% in 2018.

A. Product recommendations – a personalised product recommendation engine for online stores

This technology acts like a shop assistant in a traditional store who, by talking to customers, tries to recommend a product which is best tailored to their needs, and to encourage them to make new purchases. At a given moment, there may be a million visitors in an online store. Using the personalised recommendation engine, each of these can be presented with diverse products which are automatically selected by an AI-based recommendation engine in order to meet their needs.
Based on data regarding user-store interactions and using machine learning algorithms, the engine facilitates real-time identification of user needs. This is followed by automatic and prompt sales procedures based on AI, which involve displaying those products on virtual shelves which, at a given moment and stage of the purchase process, are most likely to be purchased by a given user. This way, the virtual shop assistant helps each of the million visitors to purchase the products that are in store and inspires them to buy more.

Figure 1. *The effect of using a recommendation engine in an online store: each visitor is presented with a*

personalised portfolio



Source: the Issuer

The process in question is fully automated and test-proven, as reflected by the fact that 80% of stores, having tested the system, decide to continue cooperation. In addition, the customer does not need extra time to manage the system as its operation is fully autonomous, based on the machine learning algorithm.

Benefits offered by the personalised recommendation engine:

- increasing the average value of the shopping cart,
- increasing the quantity of sold products,
- supporting block or complementary sales transactions,
- increasing conversions,
- restoring abandoned carts,
- extending the time the customer spends on navigating the website
- raising the level of the shopping cart margin,
- promoting specific brands and/or producers,
- promoting specific product categories,
- supporting selected promotional campaigns,
- removing excessive stocks.

Video content recommendations for Video on Demand (VOD) platforms form a separate group of product recommendations. QuarticOn's tool for video content operators analyses users' preferences, and then displays videos that may be of interest to them. This product was offered by the Company to one major customer in 2017–2019. Negotiations to secure new customers are now in progress – these mainly involve large corporations and the negotiation process has been long.

B. Email & marketing automation – personalised recommendations sent by email

It is estimated that an average user may receive up to 88 emails daily. In order to attract prospective customers' attention and avoid their emails being overlooked, online stores need to personalise their messages. When subscribing to a given store, consumers expect messages sent to their email box to match their interests. Over 25% of customers tend to quickly unsubscribe if they do not find the content they receive appealing enough. Maintaining positive relations requires taking an individual customer approach.

The product offered by the Company makes use of advanced AI algorithms which record data on individual user's behaviours and then display a customised portfolio to each customer via email.

Examples of tactics that can be used when integrating the QuarticOn system with the customer's email marketing programme are presented below:

- Products from an abandoned shopping cart and personalised recommendations of products similar to those previously added to the cart, which display the highest scoring,
- Smart cross-selling, which involves recommending products that are supplementary to previously purchased goods,
- Personalised recommendations matching the previous user's store activity or recommending the store's latest trends and bestsellers to the users visiting the homepage only.

C. Pop-ups and banners, ad_servers, smart search – new services or services under implementation

Pop_ups and banners facilitate the automation of managing promotion communication in online stores, in the form of dedicated e-banners and pop-ups. Pop-ups make it possible to convey a message to the users in response to their actions, and to "catch" them either while they are still navigating the website or on their return to that website. This tool makes it possible to display messages both on the user's entry to, or on his/her attempts to leave, the website, as well as to steer the campaign conditions along with user segmentation.

Ad_server enables online stores to launch promotional campaigns using dynamically personalised ads displayed within their own or independently purchased advertising spaces. The solution developed by the Company enables the customers to manage their own advertising space and promotional campaigns, and to personalise advertising content.

Smart search is a search engine embedded in the customer's store, providing a way to easily and conveniently explore the products that are in store, e.g. using a mobile phone. The advertising theme of that service is: "Quickly find what you want (and what you like)." By integrating the search engine with the AI-based recommendation engine, the results are tailored to both the expectations and preferences of the person visiting the store (in other words, each customer is presented with merchandise that reflects his/her previous behaviours and products searched online).

Most search engines in online stores are currently rather ineffective, this being reflected in the actual conversion rates. Conversion rate means the percentage of online store users who found the product they were looking for and made a purchase in that store. Conversion from Google Search is five times higher than conversion from a non-optimised online store's search engine. This leads to a situation where the search engine provided within the store is used by only 13% of users, on average.

D. Additional services – website audits

Auditing websites featuring online stores is the major additional service provided by the Issuer. Its experts assess and analyse, *inter alia*, technical aspects of the website, content taxonomy, marketing activities, and website traffic. The end product is a set of recommendations and guidelines to improve website functionality and increase e-sales efficiency.

The Issuer's customers

The Issuer's customers include online stores willing to improve their sales performance by employing diverse solutions (increased conversions, an increased value of the shopping cart, the purchase of products which are complementary to the main product, etc.). Thanks to the solutions offered by QuarticOn, the customers automatically improve their business performance, reduce operating costs, and increase both unit and long-term sales figures.

The Company offers its solutions via two sales channels:

- Direct / B2B – sales of products by a team of sales specialists and partners,

- SaaS – sales of products as plug-ins via e-commerce platforms.

The first sales channel is characterised by a considerable diversity of customers in terms of their size; these are both small and large organisations that offer their services based on the omnichannel model. At the same time, mainly large and medium-sized online stores (recording a turnover of at least PLN 1,000,000 a month) constitute the Company's target customer group as regards direct product sales, numbering about 100,000 globally. The payment model is mainly based on fixed monthly payments, while the rev-share model (depending on the sales generated using the Issuer's tool) accounts for around 25% of the Issuer's sales revenue. The monthly revenue per customer ranges from PLN 500 to PLN 20,000.

As regards the other channel, small stores (small office/home office – SOHO) with revenue below PLN 1,000,000 a month are prevalent, numbering about 2,000,000 in the world. Websites of these entities are usually operated via a dedicated e-commerce platform.

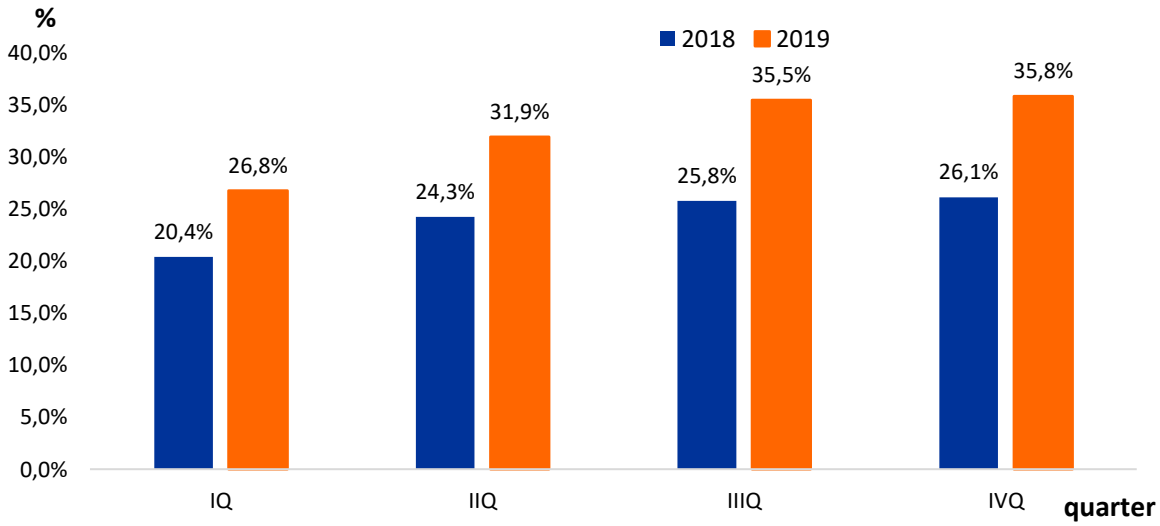
In Q3 2019 the Company introduced its solutions for small stores using such e-commerce platforms as Shopify, CreativeSites, Shoper or Shoptet. There is one Issuer's app available for each of those platforms, but the Company is planning to launch a portfolio of 3-4 plug-ins for each platform and to prepare apps for new platforms.

In that model, sales are settled mainly through fixed monthly payments (with a few initially concluded contracts constituting an exception).

Foreign sales

Given the specific nature of the Issuer's activities in terms of the possibility of providing cloud-based apps, services to customers can be rendered regardless of the location. Along with overcoming the language barrier, entering a foreign market is conditioned especially on diagnosing potential customers' needs and on conducting an appropriate marketing campaign. The underlying objective of launching an online store is to increase sales, and the Issuer's apps meet that condition. Therefore, the Company believes that its services need no specific modifications in order to be implemented in a foreign country. The Issuer has been active on the e-commerce market since 2015, and has been making efforts to attract foreign customers right from the start. The Company's expansion efforts intensified in 2017 due to Venture FIZ's investment made in 2016. Since then the number of consumers using the Company's tools outside Poland has been on a rapid rise. The scale of foreign sales has also increased gradually: in Q4 2019 it accounted for 36%, and in Q4 2018 for 26%.

Chart 1. The share of foreign sales revenue in the total quarterly revenue in 2018 and 2019



Source: the Issuer

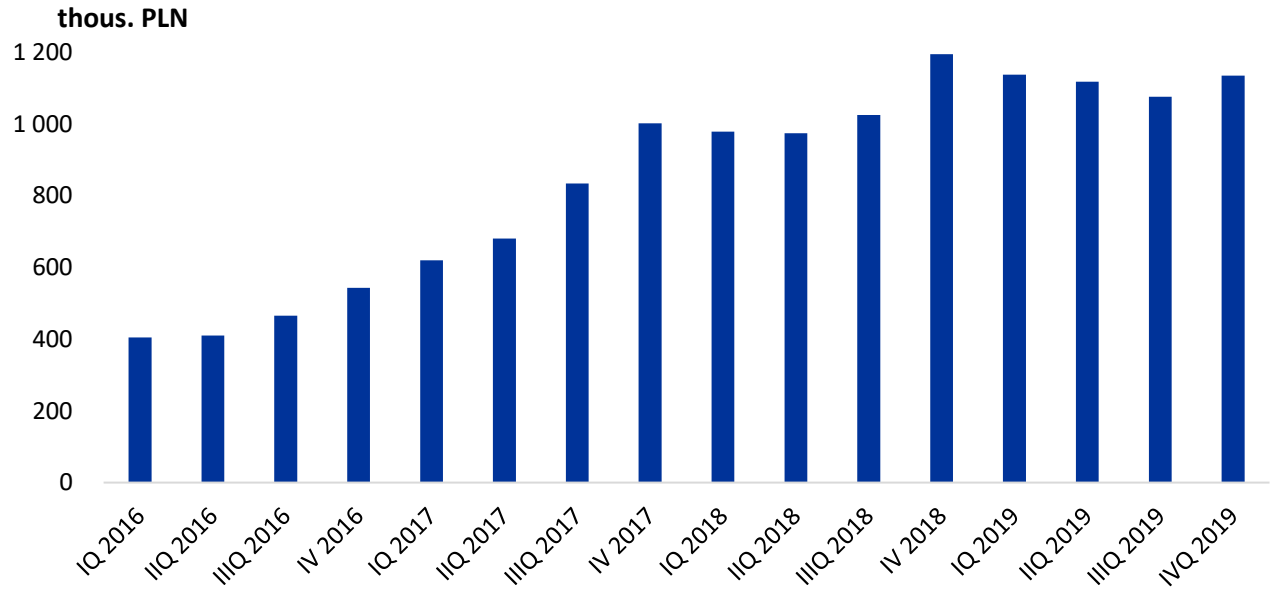
The Issuer's performance measures

Monthly recurring revenue, average revenue per customer and the churn rate constitute the principal performance measures of the Company.

Monthly recurring revenue (MRR)

In recent years the Company has recorded growth in revenue quarter on quarter. The temporary stagnation which has been observed since the beginning of 2019 results from changes in the Company's sales model and reorganisation (e.g. process optimisation, cost reduction and preparations for launching the SaaS model). The Issuer's sales figures for 2016–2019 are presented below, but this data does not include sales of VOD recommendations (this service was provided only to one major customer based on a two-year contract which expired in Q2 2019).

Chart 2. The Issuer's quarterly sales revenues in 2016–2019



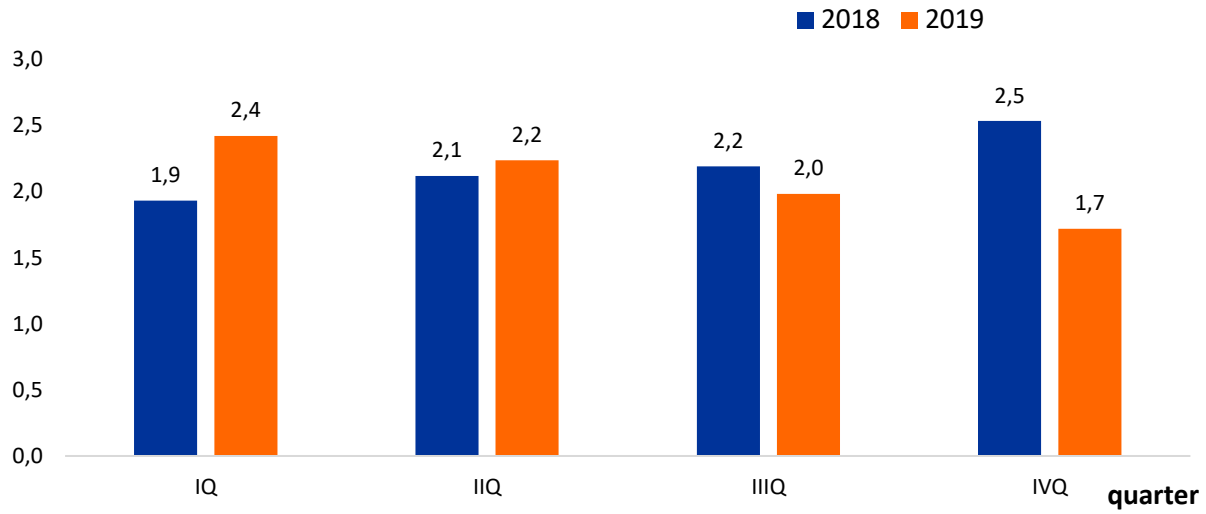
Source: the Issuer

The data do not include sales of VOD recommendations (this service was provided only to one major customer based on a two-year contract which expired in Q2 2019).

Average revenue per customer (ARPC)

The Company' ARPC in 2018 and in three quarters of 2019 was at a stable level of around PLN 2,000 monthly. The decline recorded in Q4 2019 resulted from the launching of intensive SaaS sales, characterised by a large number of customers and low unit prices for services.

Chart 3. Average Revenue Per Customer for 2018 and 2019



Source: the Issuer

Churn rate

The churn rate is another significant performance measure for enterprises based on the subscription/SaaS model. The churn rate is the relationship of revenue lost over a period of time to all the revenue earned in the previous period. Cutting that rate to the minimum is among the objectives of the Issuer's long-term strategy.

In 2019 the churn rate equalled 3.0%. The causes of customers leaving are analysed by the Company on an ongoing basis, and four major groups are determined:

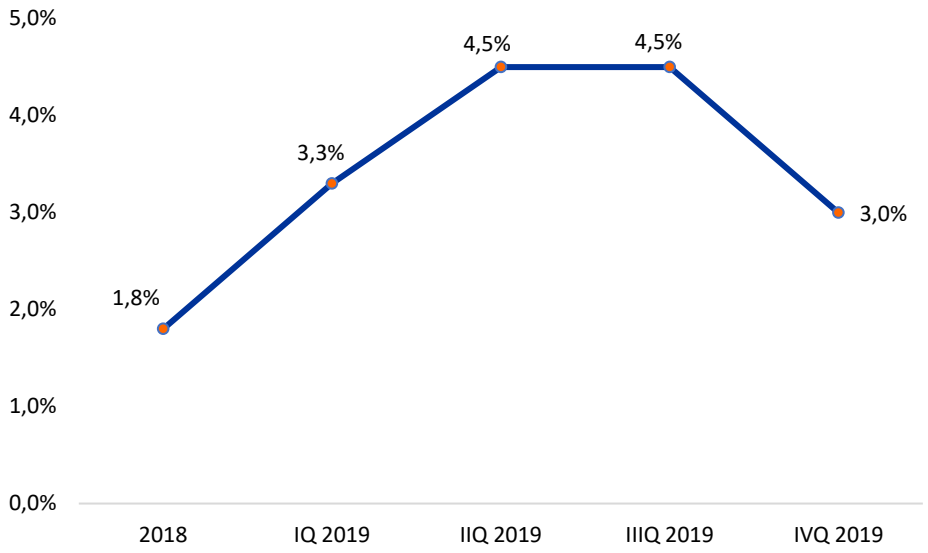
(i) a wider range of services offered by competitors,

(ii) a decision made by the central headquarters/parent company (to implement solutions used in the customer's whole capital group),

(iii) more competitive prices (a lower price being offered by a competing company to attract the customer),

(iv) an intent to check other solutions.

Chart 4. The churn rate in 2018 and quarterly rates in 2019



Source: the Issuer

As regards 2018, the churn rate was presented as an aggregate figure, not in quarterly terms, given that the modified representation methodology has been in use only since 2019.

In each of the three quarters of 2019 the Company recorded a rise in the churn rate, which resulted from the fact that a few major customers had left. The two most important reasons for resigning from QuarticOn's services included the termination of a contract with a major customer from the VOD segment, which had developed its own solution, and a few major customers shifting to comprehensive systemic solutions. The corresponding loss of sales revenue triggered much higher values of the chunk rate compared to 2018. In Q4 2019, however, the chunk rate dropped due to changes introduced in the Company's portfolio and measures implemented in customer service.

The Issuer's financial position

data in thous. PLN	Q4 2019	Q4 2018	2019	2018	2017
Sales revenue	1,142	1,315	4,615	4,605	3,489
Profit/loss from sales	-794	-943	-4,505	-1,834	-1,909
EBITDA	-158	-94	-1,752	-193	-1,050
Operating profit (loss)	-806	-650	-4,357	-1,542	-2,394
Net profit/loss	-859	-713	-4,534	-1,790	-2,549

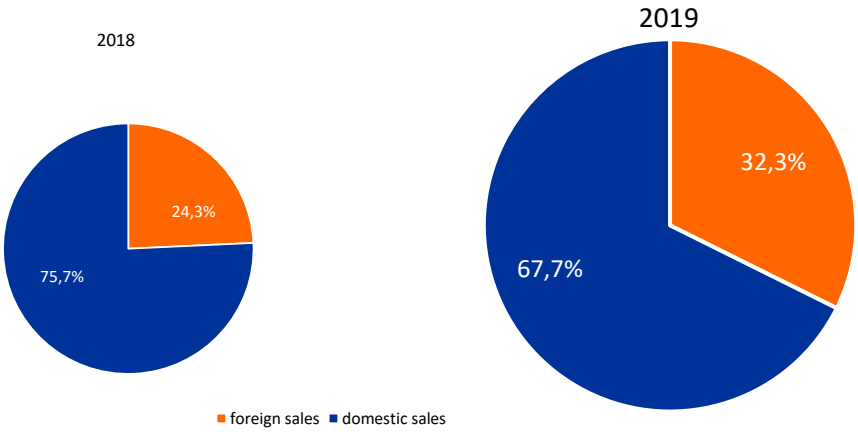
Source: the Issuer

In 2018 the Issuer generated PLN 4,605,000 in sales revenue, which translated into a 32% increase compared to 2017, and reflected the continuation of the Company's fast growth (revenue in 2017 grew by almost 40% compared to 2016). The high rate of revenue growth is possible through the Issuer's presence on the growing market of innovative products, and the Company's flexibility to make its portfolio tailored to the needs of

market players. In 2015–2016 the Issuer focused in particular on one specific product, i.e. product recommendations on the Polish market, whereas since 2017 it has been developing both new services and sales on foreign markets. In 2019 the Issuer saw an opportunity for generating substantial revenue from the sales of its products by expanding its sales channel based on e-commerce platforms. These platforms warrant full automation of the service provision process, which triggers a fast revenue growth and makes it possible to generate substantial cost savings related to securing customers, with a direct impact on profitability. The Company has launched intensive development work in this field, as a result of which its resources were concentrated on developing this sales channel, rather than on securing customers. This resulted in a zero-percent rate of revenue growth in 2019, compared to the corresponding period of 2018, and in a 13% decrease in sales revenue in Q4 2019 relative to Q4 2018.

The sales of products to foreign customers has been originally envisaged in the Company's strategy. The Issuer has been attracting foreign customers since 2015, but it has been its presence on the e-commerce platforms of neighbouring countries, and in particular on the Shopify platform, that has made it possible for the Company to gain access to potential customers worldwide. The breakdown of sales revenue into domestic and foreign customers is presented in the following chart. The Company believes that the share of foreign customers will increase materially in the nearest periods.

Chart 5. Breakdown of sales revenue into domestic and foreign sales in 2018 and 2019



Source: the Issuer

The Issuer generates revenue from payments for its services based on subscriptions and commissions on revenue made by the customer using the tools supplied by the Company. In 2018 the variable revenue model accounted for 22% of sales, and in 2019 the rev-share model accounted for 25% of total sales. Nonetheless, given the launching of sales via e-commerce platforms mostly based on subscription plans, the Company is expecting the proportion of such payments in its total revenue to decrease.

The Company's portfolio includes four product categories but the vast majority of sales revenue is generated by one product only, i.e. product recommendations. In 2019 these accounted for 92.0% of total sales, compared to 96.5% in 2018. Other products from the Company's portfolio have been launched quite recently, hence their low contribution to total sales. Along with the growing popularity of these solutions, the Issuer is expecting their share in the product portfolio to increase in the nearest future.

The Issuer's operating cost breakdown is presented below.

data in thous. PLN	**Q4 2019**	**Q4 2018**	**2019**	**2018**	**2017**
Operating costs	**1,935.9**	**2,257.7**	**9,120.0**	**6,438.9**	**5,397.6**
Amortisation and depreciation	648.2	555.7	2,604.5	1,348.6	1,343.6
Consumption of materials and energy	12.6	58.9	72.2	119.0	113.0
Third-party services	782.1	1,075.3	3,689.1	3,292.5	1,470.4
Taxes and charges	6.3	12.0	43.4	34.7	2.8
Payroll	431.5	414.4	2,333.7	1,281.5	2,087.9
Social security and other benefits	26.1	55.0	270.8	142.2	274.8
Other costs by type	29.0	86.4	106.3	220.4	105.2

Source: the Issuer

The Issuer's main operating costs include amortisation and depreciation, third-party services and payroll. These three items account, on average, for over 90% of total operating costs. In 2019 a significant rise was recorded in particular as regards amortisation and depreciation. The amortisation and depreciation costs in 2019 amounted to PLN 2,605,000 compared to PLN 1,349,000 a year before (a rise of 93%), which resulted from completing the work on new products that were commissioned by the end of 2018, following which

their depreciation started. Despite reduced employment (at the end of 2019 the Company hired 36 employees, compared to 51 at the end of 2018), the remuneration costs in 2019 grew by 82% year-on-year. This situation can be explained by the fact that the Company, by employing highly qualified IT specialists, must offer them remuneration matching their qualifications/skills, and competitive to the rates offered on the job market (IT specialists represent a group in which the rise in salaries is very dynamic).

The concentration of efforts on the development of the new sales channel resulted in a high level of costs, and a still inadequate level of revenue. In consequence, the Issuer recorded a loss on sales of PLN 4,505,000 in 2019. In 2019 the balance of other operating activities amounted to + PLN 148,000 (mainly due to revaluation of non-financial assets), and the balance of financial activity to - PLN 178,000 (interest costs). In consequence, the net result in the reference reporting period was similar to the result on sales and amounted to - PLN 4,534,000.
The negative results for 2017 and 2018 resulted from incurring costs on the development of new sales channels and the organisational structure, and on the depreciation of products in use.

The Issuer is expecting that the process optimisation which has been implemented, and the increased sales of services/products via e-commerce platforms, will contribute to a significant rise in revenue in a relatively short-term perspective, translating into positive financial results.

The Issuer's balance sheet is presented below.

data in thous. PLN	As at 31.12.2019	As at 31.12.2018	As at 31.12.2017
Fixed assets	**8,437**	**8,900**	**6,578**
Intangible assets	7,979	8,838	3,118
Tangible fixed assets	26	62	96
Long-term investments	431	0	0
Current assets	**1,428**	**5,264**	**1,144**
Short-term receivables	1,111	1,309	894
Short-term investments	224	3,879	246
Equity (own fund)	**5,658**	**10,177**	**4,741**
Primary capital (fund)	139	124	107
Supplementary capital (fund)	18,089	18,089	10,880
Profit (loss) from previous years	-8,036	-6,246	-3,697
Net profit (loss)	-4,534	-1,790	-2,549
Liabilities and provisions for liabilities	**4,207**	**3,988**	**2,981**
Provisions for liabilities	**152**	**91**	**148**
Long-term liabilities	**0**	**0**	**1,500**
Short-term liabilities	**3,947**	**3,740**	**1,293**
credits and loans	2,605	2,734	532
trade liabilities	360	622	399
Balance sheet total	**9,865**	**14,165**	**7,722**

Source: the Issuer

At the end of 2019 the balance sheet total equalled PLN 9,865,000. On the assets side, the largest item were intangible assets amounting to PLN 7,979,000, which accounted for 95% of fixed assets and 81% of the Company's total assets. This item covers development work on four projects completed in 2018, and development work on three projects completed in 2019. The long-term investments item amounting to PLN 431,000 covered current development projects (new products). Given the specific nature of its activities, the Issuer does not own any substantial fixed assets. At the end of 2019 the value of the Issuer's fixed assets amounted to PLN 26,000 and covered mainly machinery and plant, including primarily computers and

servers. At the end of 2019 the Company's current assets amounted to PLN 1,428,000 and included mainly receivables (PLN 1,111,000) and cash (PLN 224,000).

At the end of 2019 the Issuer's equity amounted to PLN 5,658,000 and was 44% lower than at the end of 2018 (PLN 10,177,000). This decline resulted from the net loss generated from the beginning of 2019, amounting to PLN 4,534,000. The liabilities and provisions item amounted to PLN 4,207,000 at the end of 2019, and its major component were short-term liabilities amounting to PLN 3,947,000. The Issuer did not have any long-term liabilities. The Issuer's short-term liabilities at the end of 2019 included mainly loans from its shareholder (PLN 2,605,000), other financial liabilities (PLN 675,000) and trade liabilities (PLN 360,000). In connection with the growing debt and decreasing value of the balance sheet total over 2019, the debt ratios increased. The overall debt ratio at the end of 2019 equalled 0.43 (compared to 0.28 at the end of 2018) and the debt with interest ratio equalled 0.33 (0.19 at the end of 2018).

At the end of 2019 current assets amounted to PLN 1,428,000, compared to PLN 5,264,000 at the end of 2018, which resulted mainly from the decreasing cash in the Company. In 2018 Series-E shares were issued, generating a sum of around PLN 7,600,000, which was allocated for implementing the Issuer's development objectives. In connection with product implementation, sales process support and the launching of a new sales channel (based on e-commerce platforms), the Company used these resources for their intended purpose. At the end of 2019 short-term liabilities amounted to PLN 3,947,000. Among these, other financial liabilities amounting to PLN 675,000 included sums paid for issuing Series-F shares which, following the registration of the share capital increase with the National Court Register in January 2020, were moved to the "Equity" item. Due to a significant decrease in the balance of cash in 2019, along with funds from the issue of Series-F shares being temporarily recognised as other financial liabilities, the liquidity ratios dropped below the recommended levels. The current liquidity ratio at the end of 2019 amounted to 0.36, compared to 1.41 at the end of 2018, whereas the quick ratio at the end of 2019 amounted to 0.06, compared to 1.04 at the end of 2018. It should also be noted that loans granted by the principal shareholder formed a significant component of short-term liabilities in 2018 and 2019 (at the end of 2018 they accounted for 73% of short-term liabilities, and at the end of 2019 for 66%). It is the principle shareholder's intent to enable the Issuer to tap on the development potential by providing resources for its ongoing activities. Therefore, despite the short-term loan repayment, resulting in loans being classified as short-term liabilities, the financing in question can be regarded as mid-term. After excluding from short-term liabilities the loans granted by the main shareholder, the liquidity ratios at the end of 2019 are close to the levels regarded safe.

Funds raised from the issue of Series-E shares by the Company in 2018 made it possible to finance the following development work:

- in relation to supporting the sales of e-store recommendation products: extending the commercial team by engaging content development and e-marketing specialists, participation in sales training (social networking, Sandler's methodology), and the financing of the Company's participation in industry events in Slovakia and the United Kingdom,
- in relation to VOD recommendations: relatively low outlays – at present, the product is not being developed on a larger scale,
- in relation to developing new products: the development of a new series of marketing automation products (the first part in 2018, and the second in 2019), work on small apps facilitating effective sales in online stores (pop-ups, smart search, etc.). Products marketed in 2019 and 2020,
- in relation to the SaaS (self-service): developing and preparing initial plug-in versions for Shoptet, CreativeSites and Shopify platforms. Developing a development concept targeted at this market segment.

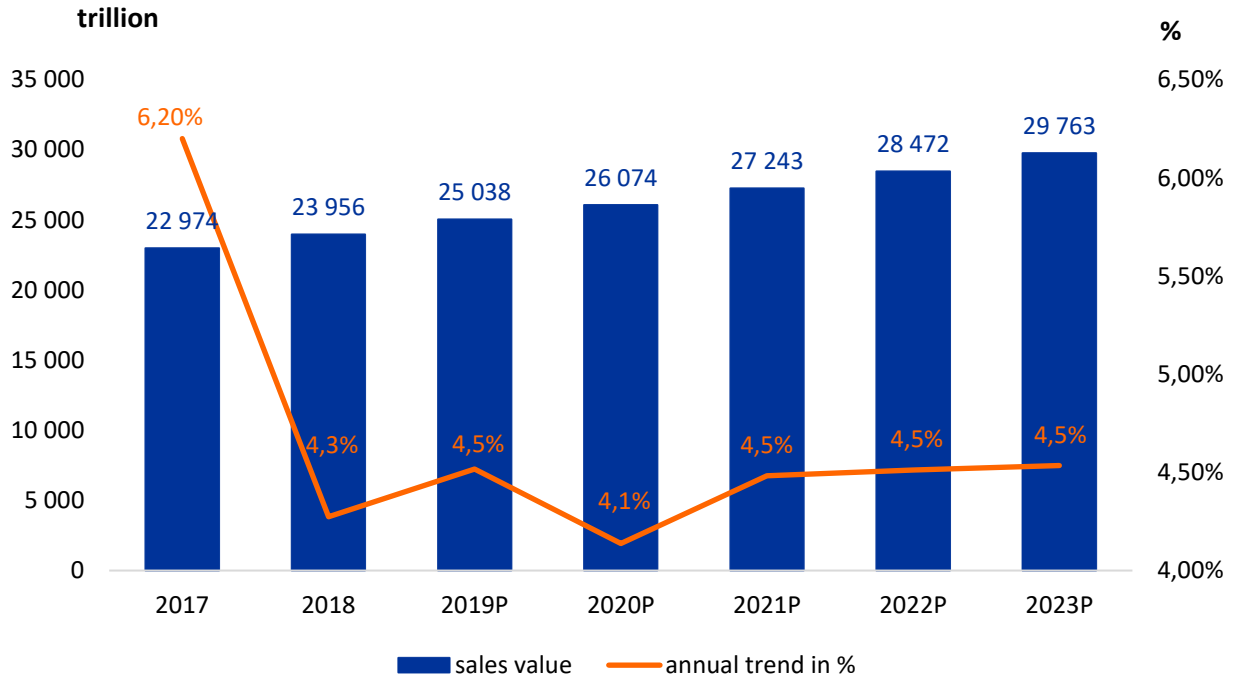
The Company has also decided to allocate a portion of that sum on its ongoing operating activities, considering that not all the projects yielded the expected profits.

The Issuer's market

According to eMarketer's report of May 2019, the value of global retail sales in 2019 is expected to reach USD 25,038 trillion, a growth rate of 4.5%. The anticipated growth rate in 2019 will be slightly higher than in 2018, when it amounted to 4.3%, but lower than in 2013–2017 when the annual market growth was recorded to range from 5.7% to 7.5%.

The reasons behind the lower growth rate of global retail sales in 2018 and 209 included the increasing economic uncertainty and the weakening economic growth in many regions in the world.

Chart 6. Total global retail sales in 2017-2023
historical and projected values

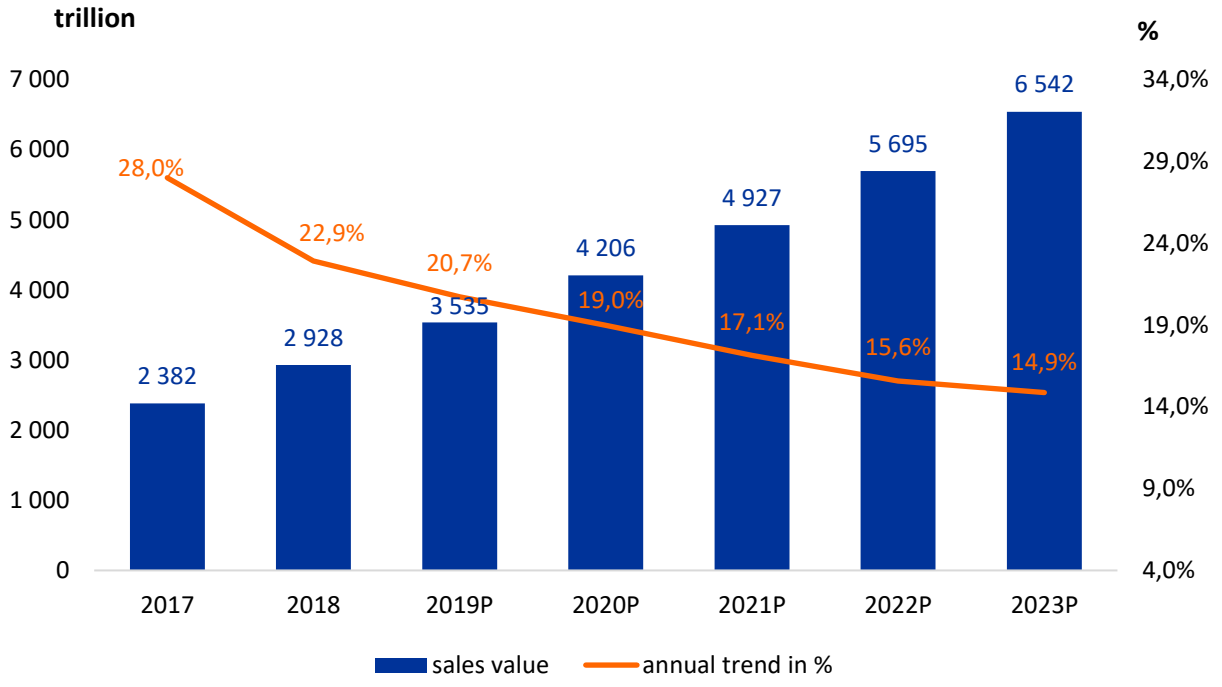


Source: "Global Ecommerce 2019" report by eMarketer of May 2019

** the data do not contain any travel expenses and costs of tickets to events, bills, cash transfers, payments for food and beverages consumed on site, and payments for gambling*

Despite the slowdown in the growth rate of global retail sales, the retail e-commerce market, on which the Issuer operates, has remained one of the fastest-growing segments of global economy. The value of that market in 2018 amounted to USD 2,928 trillion, a growth of nearly 23% relative to 2017. While eMarketer analysts are expecting the growth rate of e-commerce to drop in 2019, the growth rate is expected to exceed 20%, reaching USD 3,535. From 2020 onwards, the high annual market growth is expected to continue, being estimated between 14.9-19.0%. Despite the projected continuation of the growth rate in this segment, the value of e-commerce is expected to reach USD 6,542 in 2023, meaning a nearly 85% increase relative to the current level.

Chart 7. Global retail e-commerce in 2017–2023
historical and projected values

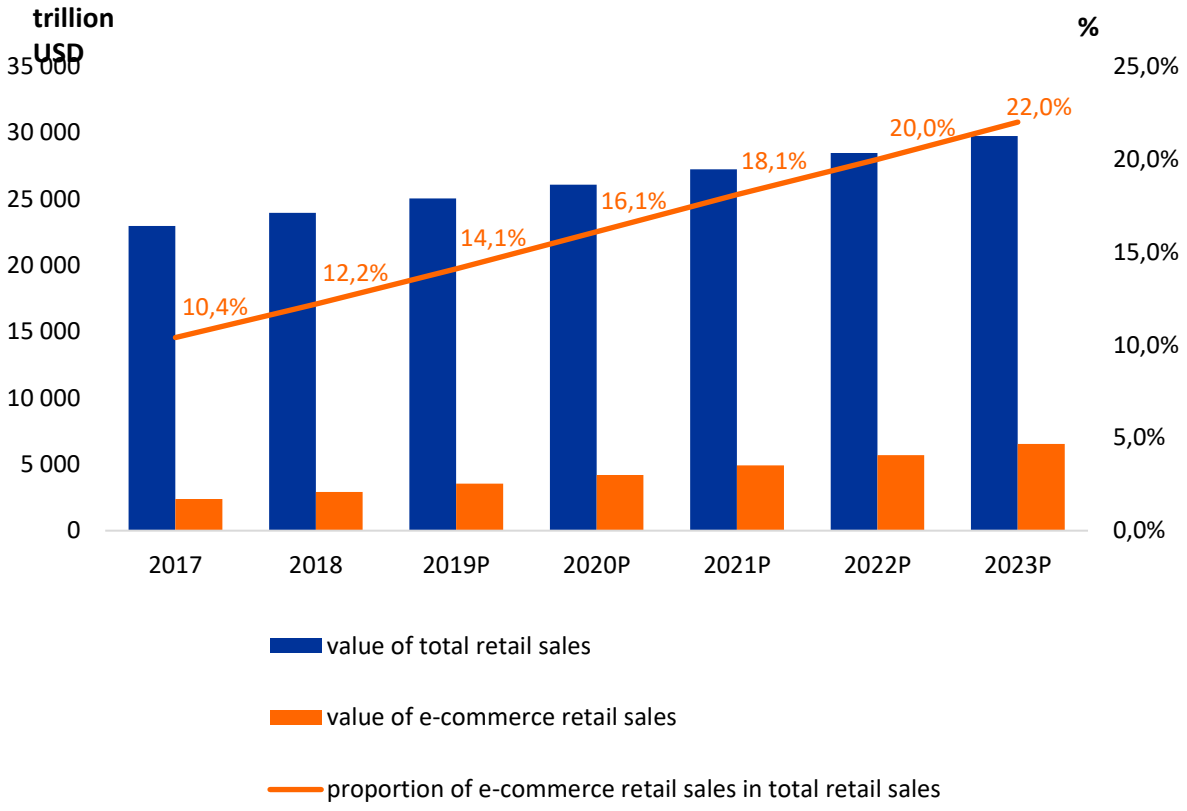


Source: "Global Ecommerce 2019" report by eMarketer of May 2019

The data include payments for products and services ordered online by means of any device, irrespective of the selected payment and processing method; the data do not contain any travel expenses and costs of tickets to events, bills, cash transfers, receipts for food and beverages consumed on site, and payments for gambling

The huge potential of the e-commerce market is reflected in its growing proportion of total retail sales. According to eMarketer, in 2017 this proportion was slightly over 10% whereas in 2019 it is likely to reach 14.1%, and it will continue to grow in subsequent years, eventually to reach 22% in 2023.

Chart 8. The proportion of e-commerce in the total global retail sales in 2017-2023 historical and projected values

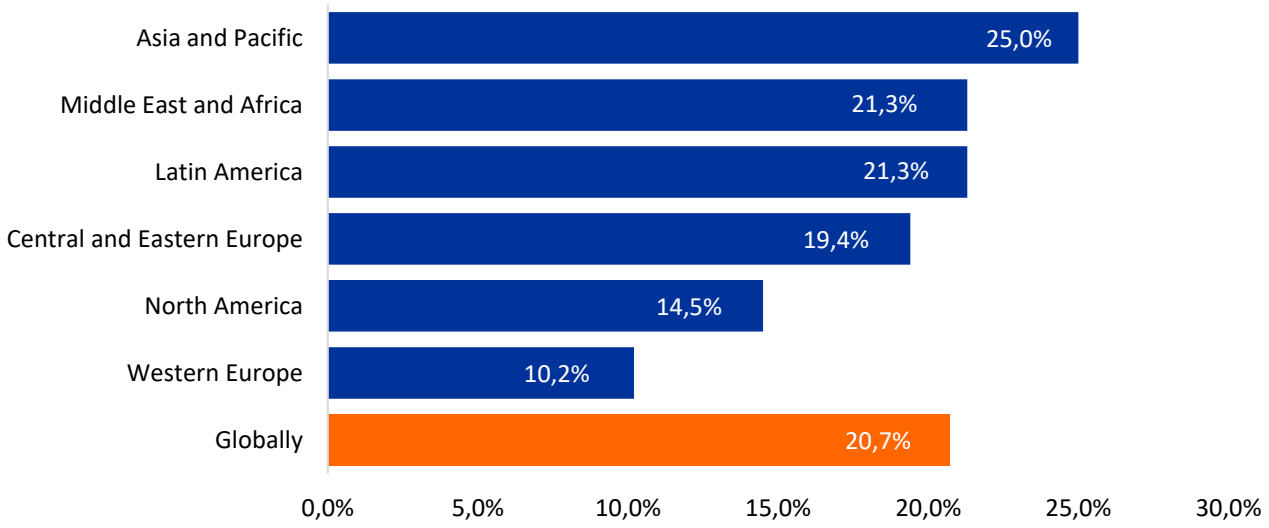


Source: "Global Ecommerce 2019" report by eMarketer of May 2019

The data contains payments for products and services ordered online by means of any device, irrespective of the selected payment and processing method; the data do not contain any travel expenses and costs of tickets to events, bills, cash transfers, receipts for food and beverages consumed on site, and payments for gambling

The fastest market growth in 2019 is expected to be recorded in the Asia-Pacific Region, where the value of retail e-commerce is estimated at USD 2,271 trillion. This represents a proportion of global e-commerce of 64.3% and an annual growth rate of 25%. The rapid rate of market development, at the level of around 20%, is expected to take place in Latin America, the Middle East, Africa, and Central and Eastern Europe. Based on the analyses by eMarketer, the slowest development rate was recorded in Western Europe with a market growth rate of about 10%.

Chart 9. The expected growth rate of the e-commerce market by region in 2019



Source: "Global Ecommerce 2019" report by eMarketer of May 2019

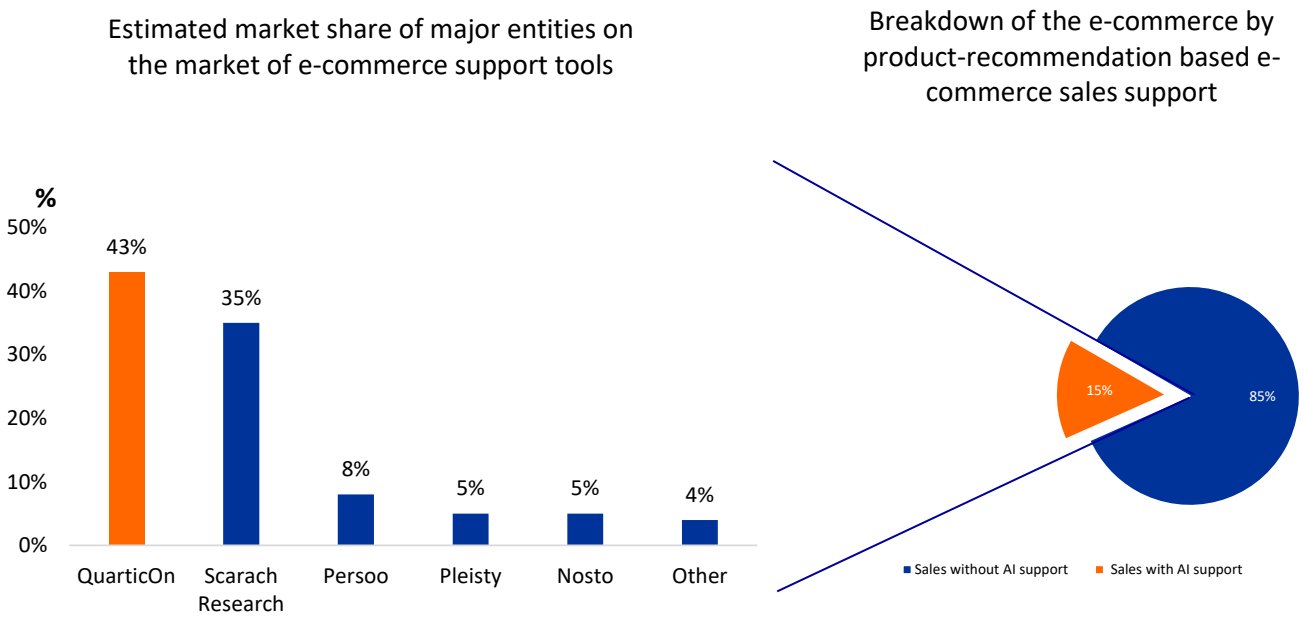
The data contain payments for products and services ordered online by means of any device, irrespective of the selected payment and processing method; the data does not contain any travel expenses and costs of tickets to events, bills, cash transfers, receipts for food and beverages consumed on site, and payments for gambling

Poland, being QuarticOn's domestic market, is one of the most dynamic e-commerce markets in Europe. According to the "E-commerce in Europe 2018" report by PostNord, 73% of Poles aged 15-79 are Internet users, and 21.8 million (71% of the Polish population aged 15-79) shop online, spending EUR 495 per person, which corresponds to a total online shopping spending of EUR 10.8 billion. These figures are below the average level recorded for all the European countries surveyed by PostNord (Belgium, Denmark, Finland, France, Italy, the Netherlands, Norway, Spain, the United Kingdom, Sweden and Germany). It is also worth noting that Poland has recorded a rapid growth in the e-commerce segment, and the number of consumers shopping online grew by 25% in 2014–2018. According to the experts, a further growth of the e-commerce market will be fostered by the development of an information society and by regulations banning trade in traditional stores on Sundays, which leads to an increased competitive edge of online stores.

The Issuer's competitors

The Issuer is a leading provider of AI-based systems for the support and personalisation of sales processes on the market of medium-sized and large online stores in Central and Eastern Europe (CEE). According to Datanyze, such technologies are currently used by 15% of that market. Scarab Research, a Hungarian company, is the Issuer's major competitor in the CEE Region, whose market share is estimated at around 35%. Less significant competitors include the Czech Persoo (8% market share), the Romanian Pleisty (5%) and the Finnish Nosto (5%). 85% of entities operating on the CEE market have not implemented such technologies in their stores, which is perceived by the Issuer as a development opportunity for its tools.

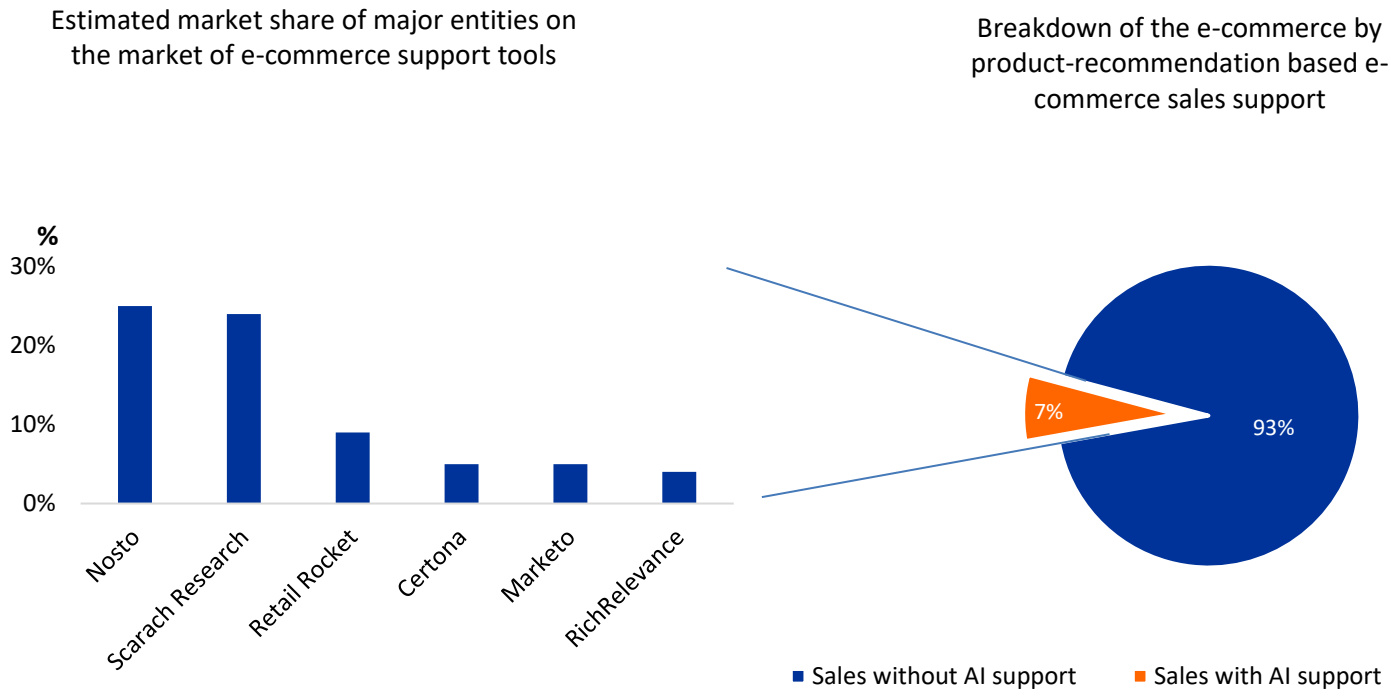
Chart 10. The market of recommendation tools in the Central and Eastern European e-commerce segment



Source: the Issuer's internal document based on information obtained from reports drawn up by Datanyze, Builtwith, SimilarWeb, AlexaRank.

On the global market of small and medium-sized online stores, only 7% of such stores are using technologies based on recommendation systems. The market leader is Nostro, whose estimated market share is 25%. It is followed by Scarab Research (24%) and then by Retail Rocket, a Dutch company whose market share is 9%. There is still a potential for implementing such systems on 93% of the market.

Chart 11. The market of recommendation tools in the global e-commerce segment



Source: the Issuer's internal document based on information obtained from reports drawn up by Datanyze, Builtwith, SimilarWeb, AlexaRank.

15.2.1. The Issuer's development strategy

The Company's mission is to provide smart and autonomous apps to help solve specific business problems faced by managers of e-commerce platforms using AI algorithms based on insights obtained from data acquired from customers' platforms.
The Company's strategy envisages a dynamic organic growth in line with market trends indicating growth on the e-commerce market both in terms of the nominal value and in terms of the total share of retail sales. The following three areas of development will be pursued by the Issuer:

1. Market expansion

The Company is currently seen as a leader in the personalised product recommendations segment in Central Europe. In the short-term (1-3 year) perspective, QuarticOn is planning to consolidate its position on the Central European market (the Czech Republic, Slovakia and Hungary), and to start its market expansion to Western Europe (including the United Kingdom). In the longer-term (4-6 year) perspective, further expansion is planned, first to the USA and then to Asia.

2. Extension of the product portfolio

The Company expects that the new products launched at the end of 2018 will constitute the core of its portfolio, tailored to the needs of diverse customer groups. The Company is projecting that building its portfolio around AI-based tools, which will facilitate providing new quality in the marketing automation and product recommendations segment, both in B2B/direct and SaaS (platforms), will be of key importance in the next 2 years. In 2018 the Company brought new services (pop-ups, banners, email marketing) to the market, and it now continues to work on new solutions. In addition, its product portfolio will be extended by including consulting and reporting services to provide unique value for customers.
Within 3-5 years the Company is planning to develop new services based on AI technologies and machine learning, which will enable it to develop customised portfolios for mass customers; conceptual work on such solutions has already begun.

3. Entrance into new sales channels and acquisition of new customer groups
Developing and marketing services via apps for e-commerce platforms is one of the foundations for QuarticOn's growth. Given the scale of its operations (approx. 2 million stores in the SOHO segment) and automated sales processes based on a full SaaS model, this market segment is particularly attractive for the Company. Opening that sales channel in Q3 2019 allowed the Company to acquire its first customer group in this segment. Efforts to attract new customers are planned to be intensified in 2020 via publicity campaigns launched on various platforms. The Company is further planning to support its partnership channel by launching an incentive programme for smaller partners and by expanding cooperation with its current partners, both in Poland and abroad.

Acquisitions
Some acquisitions can also be made to expand sales or provide technological background for new product solutions.

15.2.2. Incentive programmes adopted by the General Meeting

On 6 June 2018 the Extraordinary General Meeting adopted Resolution No. 7 on introducing an incentive programme in the Company, on issuing Series-A subscription warrants while at the same time depriving shareholders of the right to collect Series-A subscription warrants, on conditionally increasing the Company's share capital while at the same time depriving shareholders of the right to collect shares in full, and on amending the Company's Articles of Association and authorising the Management Board to adopt a uniform text of the Articles of Association, under which the Issuer's shareholder, Paweł Wyborski ("the Founder"), and other members of the managerial staff and associates of the Issuer, as indicated in the resolutions of the Supervisory Board of the Issuer ("Beneficiaries"), at the request of the Management Board, shall be entitled to Series-A subscription warrants entitling them to subscribe for Series-D shares in the Issuer's share capital.

The objectives of the incentive programme included:
1. rewarding the main founder of the Company, Paweł Wyborski ("**the Founder**"), and other selected members of the managerial staff and associates of the Company, who contribute to an increase in revenues, the scope of activities and operational efficiency of the Company or its subsidiaries,
2. motivating the persons listed in Point 2 to take further measures oriented towards the development of the Company or its subsidiaries.

These objectives were pursued by granting to the Beneficiaries the right to subscribe for Series-A subscription warrants entitling them to subscribe for Series-D shares.

With a view to implementing the Programme and providing the Beneficiaries with the right to subscribe for the Company's shares, the Company has conditionally increased its share capital, along with depriving existing shareholders of all their subscription rights, by way of issuing no more than 152,927 (one hundred and fifty-two thousand nine hundred twenty-seven) Series-D ordinary bearer shares with a nominal value of PLN 0.10 (ten groszy) each. With a view to enabling the subscription of Series-D shares of the Issuer, 152,927 (one hundred and fifty-two thousand nine hundred twenty-seven) Series-A Subscription Warrants were issued, all registered securities. Series-A Subscription Warrants have no nominal value. Series-A Subscription Warrants entitled their holders to subscribe for Series-D shares. Series-A Subscription Warrants were subscribed for by the Beneficiaries free of charge. One Series-A Subscription Warrant entitled its holder to subscribe for one Series-D share. The Programme was adopted for a definite period and expired on 31 July 2021, but the beneficiaries did not forfeit their rights acquired during the Programme following its expiry. Pursuant to Resolution No. 5 of the Extraordinary General Meeting of the Issuer adopted on 8 November 2019, amending above-mentioned Resolution No. 7 of the General Meeting of 6 June 2018, the rights under Series-A Subscription Warrants might be exercised until 30 November 2021 at the latest, and the rights to subscribe for Series-D shares might be exercised until 31 December 2021 at the latest.

On 19 November 2019 Paweł Wyborski, President of the Company's Management Board, and Michał Giergielewicz, Member of the Management Board, and other indicated members of the managerial staff and associates of the Issuer, subscribed for a total of 152,927 Series-A subscription warrants. On the same day, by exercising the rights under these subscription warrants, they subscribed for a total of 152,927 Series-D shares at the nominal price, with a nominal value of PLN 0.10 each.

In line with the Rules and Regulations Regarding Shares for the Key Personnel of the Company, and under agreements regarding participation in the incentive programme, concluded with persons subscribing for Series-D bearer shares, series-D shares will be covered by lock-up (a ban on trading) by 31 August 2022 unless the Supervisory Board of the Company decides otherwise by way of Individual Terms and Conditions applicable to a given Beneficiary.
In line with the above obligation, the Beneficiary has undertaken not to sell or dispose of those shares in any other manner, and not to conduct any transaction, whether directly or indirectly, which would result in those shares being transferred to any third party; and not to undertake any talks or negotiations, whether directly or indirectly, regarding the disposal of such shares, with any third party by 31 August 2022. After that date, the Beneficiary will be allowed to dispose of the shares in any manner subject to the Rules and Regulations Regarding Shares for the Key Personnel of the Company. Moreover, the Company may exercise the call option for Series-D shares (the right vested in the Company or an entity indicated by the Company to repurchase Series-D shares allocated under the reference programme from Beneficiaries) unless it fulfils the operational conditions described in the Rules and Regulations for the financial year 2020 (revenue and EBITDA of PLN 8,100,000 and PLN 2,700,000, respectively) and 2021 (revenue and EBITDA of PLN 13,500,000 and PLN 4,500,000, respectively).

15.3. DATA ON THE ISSUER'S SHAREHOLDER STRUCTURE, INCLUDING SHAREHOLDERS HOLDING AT LEAST 5% OF VOTES AT THE GENERAL MEETING

The Issuer's shareholder structure as at the date of this Disclosure, to the best of the Issuer's knowledge, is as follows:

Major shareholders	Number of shares and votes at the General Meeting	Proportion of the share capital and votes at the General Meeting
Venture FIZ	251,000	17.87%
CBNC Capital Solutions Ltd	187,031	13.32%
Paweł Wyborski	171,761	12.23%
ACATIS Investments KVG mbH	134,100	9.55%
Q Free Trading Limited	123,500	8.79%
Kamil Cisło	118,500	8.44%
Paulina Zamojska	72,574	5.17%
Other	345,834	24.63%
Total	**1,404,300**	**100.00%**

16. Additional information, including the amount of the share capital and corporate documents available for inspection

As at the date of this Disclosure, the Issuer's share capital amounts to PLN 140,430.00 (say: one hundred and forty thousand four hundred and thirty zloty) and is divided into 1,404,300 (say: one million four hundred four thousand and three hundred) shares, including:

No.	Share series	Number of shares (pcs.)	Proportion of the share capital (%)	Number of votes (pcs)	Proportion of all votes (%)
1	A	1,066,500	75.95%	1,066,500	75.95%
2	B	50,556	3.60%	50,556	3.60%
3	C	17	0.001%	17	0.001%
4	D	152,927	10.890%	152,927	10.890%
5	E	118,200	8.42%	118,200	8.42%
6	F	16,100	1.15%	16,100	1.15%
Total		**1,404,300**	**100.00%**	**1,404,300**	**100.00%**

16.1. DECLARATION OF THE ISSUER STATING THAT THE LEVEL OF THE WORKING CAPITAL IS, IN THE ISSUER'S OPINION, SUFFICIENT TO COVER ITS NEEDS FOR A PERIOD OF 12 MONTHS FROM THE DATE OF THE DISCLOSURE, OR OTHERWISE A PROPOSAL TO SECURE ADDITIONAL WORKING CAPITAL

The Issuer declares that the level of the working capital is, in the Issuer's opinion, sufficient to cover the Company's needs for a period of 12 months from the date of this Disclosure.

The balance of current assets amounted to PLN 1,428,000 at the end of 2019, compared to PLN 5,264,000 at the end of 2018, which resulted mainly from decreasing the balance of cash in the Company, in connection with implementing the objectives of issuing Series-E shares. At the end of 2019, short-term liabilities of PLN 3,947,000 comprised, under the "Other financial liabilities" item, funds paid for the issue of Series-F shares (amounting to PLN 675,000) which, after the registration of the share capital increase with the National Court Register in January 2020, were moved to the "Equity" item. Due to a significant decrease in the balance of cash in 2019, and with funds from the issue of Series-F shares being temporarily recognised as other financial liabilities, the liquidity ratios dropped below the recommended levels.

It should also be noted that loans granted by the principal shareholder formed a significant component of short-term liabilities, both in 2018 and 2019. The financing provided by the principal shareholder is aimed at improving the Issuer's liquidity as regards the implementation of its strategy in the absence of the adequate level of revenue in connection with the launch of new products. The loan repayment time limit has been set as short-term, with a possible extension of the financing period. The applicable loan agreements are described in Point 12. It is the principal shareholder's intent to enable the Issuer to tap on the development potential by providing funds for ongoing activities. Therefore, despite the short time limits for loan repayment, resulting in the loans being classified as short-term liabilities, the financing in question can be regarded as mid-term.

It should also be noted that in November 2019 the General Meeting of Shareholders of the Issuer adopted a resolution on increasing the Company's share capital by issuing other shares, which will enable the Company to promptly effect another capital increase where necessary.

16.2. INFORMATION ON EXPECTED CHANGES IN THE SHARE CAPITAL RESULTING FROM THE EXERCISE OF THE HOLDERS' RIGHTS ATTACHED TO CONVERTIBLE BONDS OR BONDS WITH PRIORITY RIGHTS TO SUBSCRIBE FOR NEW SHARES IN THE FUTURE, OR FROM THE EXERCISE OF THE RIGHTS OF HOLDERS OF SUBSCRIPTION WARRANTS, INCLUDING THE VALUE OF THE PROJECTED CONDITIONAL INCREASE IN THE SHARE CAPITAL AND THE DATE OF EXPIRY OF THE RIGHTS OF PERSONS AUTHORISED TO ACQUIRE SUCH SHARES

The Issuer has not adopted a resolution on issuing convertible bonds or bonds with priority rights to subscribe for new shares in the future.

On 6 June 2018 the Extraordinary General Meeting adopted Resolution No. 7 on introducing an incentive programme in the Company, on issuing Series-A subscription warrants, including the deprivation of shareholders of the right to subscribe for Series-A subscription warrants, on conditionally increasing the Company's share capital, including the deprivation of shareholders of the right to collect shares in full, and on amending the Company's Articles of Association and authorising the Management Board to adopt a uniform text of the Articles of Association, under which the Issuer's shareholder, Paweł Wyborski ("the Founder"), and other members of the managerial staff and associates of the Issuer, as indicated in the resolutions of the Supervisory Board of the Issuer, at the request of the Management Board, are entitled to Series-A subscription warrants entitling them to subscribe for Series-D shares in the Issuer's share capital.

The Company's share capital will be conditionally increased, as provided for in the above-mentioned resolution, by an amount not exceeding PLN 15,292.70 (say: fifteen thousand two hundred ninety-two złoty and 70/100) by way of issuing no more than 152,927 (one hundred and fifty-two thousand nine hundred twenty-seven) Series-D ordinary bearer shares with a nominal value of PLN 0.10 (ten groszy) each. With a view to enabling the subscription of Series-D shares of the Issuer, 152,927 (one hundred and fifty-two thousand nine hundred twenty-seven) Series-A Subscription Warrants were issued, which constitute registered securities. Series-A Subscription Warrants have no nominal value. Series-A Subscription Warrants entitle their holders to subscribe for Series-D shares. Series-A Subscription Warrants are subscribed for by the Beneficiaries free of charge. One Series-A Subscription Warrant entitles its holder to subscribe for one Series-D share. Pursuant to Resolution No. 5 of the Extraordinary General Meeting of the Issuer adopted on 8 November 2019, amending the above-mentioned Resolution No. 7 of the General Meeting of 6 June 2018, the rights under Series-A Subscription Warrants may be exercised on 30 November 2021 at the latest, and the rights to subscribe for Series-D shares may be exercised on 31 December 2021 at the latest.

The amendment to the Articles of Association in the reference scope, which included adding § 9^1 to the Articles of Association, was registered with the register of entrepreneurs of the National Court Register on 24 October 2018.

On 19 November 2019 Paweł Wyborski, President of the Company's Management Board, and Michał Giergielewicz, Member of the Management Board, and other indicated members of the managerial staff and associates of the Issuer subscribed for a total of 152,927 Series-A subscription warrants. On the same day, by exercising the rights attached to these subscription warrants, they subscribed for a total of 152,927 Series-D shares at the nominal price, with a nominal value of PLN 0.10 each.

On 19 November 2019, acting pursuant to Article 310 § 2 and 4 of the Commercial Companies and Partnerships Code, in conjunction with Article 431 § 7 of the Commercial Companies and Partnerships Code, the Company's Management Board, in connection with the holders of Series-A subscription warrants subscribing for all the Series-D ordinary bearer shares issued as part of the conditional share capital increase, under Resolution No. 7 of the General Meeting of the Company of 6 June 2018, made the following declaration in the form of a notarial deed (Notarial Deed Rep. A No. 13781/2019):

"Management Board's Declaration

§ 1

Acting as Members of the Management Board of QuarticOn Spółka Akcyjna, the Appearers hereto declare that:

a) on 6 June 2018 the General Meeting of the Company, under Resolution No. 7, as put on record by (...), Civil-Law Notary in Warsaw, Rep. A 2832/2018,the Company's share capital was increased conditionally by an amount not exceeding PLN 15,292.70 (say: fifteen thousand two hundred ninety-two złoty and 70/100) by way of issuing no more than 152,927 (one hundred and fifty-two thousand nine hundred twenty-seven) Series-D ordinary bearer shares with a nominal value of PLN 0.10 (ten groszy) each,

b) The resolution on conditionally increasing the Company's share capital was adopted under Article 448 § 2 (3) of the Commercial Companies and Partnerships Code, with a view to entitling holders of Series-A subscription warrants to subscribe for those shares,

c) the reference Resolution No. 7 of the General Meeting of the Company of 6 June 2018 was registered by the registration court on 24 October 2018.

§ 2

Acting as Members of the Management Board of QuarticOn Spółka Akcyjna, whose registered office is in Warsaw, pursuant to Article 310 § 2 and 4 of the Commercial Companies and Partnerships Code, in conjunction with Article 431 § 7 of the Commercial Companies and Partnerships Code, in connection with the subscription by holders of Series-A subscription warrants for all Series-D ordinary bearer shares, issued to increase the share capital pursuant to Resolution No. 7 of the General Meeting of the Company of 6 June 2018, the Appearers hereby declare that the conditional share capital increase involved the subscription of 152,927 (one hundred fifty-two thousand nine hundred twenty-seven) Series-D ordinary shares with a nominal value of PLN 0.10 (say: ten groszy) each, causing the share capital of the Company to be increased by PLN 15,292.70 (fifteen thousand two hundred and ninety-two zloty and 70/100) to PLN 138,820.00 (say: one hundred thirty-eight thousand eight hundred and twenty zloty).

§ 3

Pursuant to Article 310 § 2 and 4 of the Commercial Companies and Partnerships Code, in conjunction with Article 431 § 7 of the Commercial Companies and Partnerships Code, the Company's Management Board resolves to specify the amount of the share capital, as stated in § 5 (1) of the Company's Articles of Association, at PLN 138,820.00 (say: one hundred thirty-eight thousand eight hundred and twenty zloty), divided into:

1) 1,066,500 (one million sixty-six thousand and five hundred) Series-A ordinary bearer shares with a nominal value of PLN 0.10 (10/100, ten groszy) each,

2) 50,556 (fifty thousand five hundred and fifty-six) Series-B ordinary bearer shares with a nominal value of PLN 0.10 (ten groszy) each,

3) 17 (seventeen) Series-C ordinary bearer shares with a nominal value of PLN 0.10 (ten groszy) each,

4) 152,927 (one hundred and fifty-two thousand nine hundred twenty-seven) Series-D ordinary bearer shares with a nominal value of PLN 0.10 each,

5) 118,200 (one hundred eighteen thousand and two hundred) Series-E ordinary bearer shares with a nominal value of PLN 0.10 (ten groszy) each.

§ 4

Therefore, acting as Members of the Management Board of the Company QuarticOn Spółka Akcyjna, with its registered office in Warsaw, the Appearers declare that § 5 (1) of the Company's Articles of Association shall have the following wording:

1. The Company's share capital is PLN 138,820.00 (say: one hundred thirty-eight thousand eight hundred and twenty złoty). The share capital shall be divided into 1,388,200 (say: one million three hundred eighty-eight thousand and two hundred) shares, including:

1) 1,066,500 (one million sixty-six thousand and five hundred) Series-A ordinary bearer shares with a nominal value of PLN 0.10 (10/100, ten groszy) each,

2) 50,556 (fifty thousand five hundred and fifty-six) Series-B ordinary bearer shares with a nominal value of PLN 0.10 (ten groszy) each,

3) 17 (seventeen) Series-C ordinary bearer shares with a nominal value of PLN 0.10 (ten groszy) each,

4) *152,927 (one hundred and fifty-two thousand nine hundred twenty-seven) Series-D ordinary bearer shares with a nominal value of PLN 0.10 each,*
5) *118,200 (one hundred eighteen thousand and two hundred) Series-E ordinary bearer shares with a nominal value of PLN 0.10 (ten groszy) each."*

In line with the Rules and Regulations Regarding Shares for the Key Personnel of the Company, and under the agreements regarding participation in the incentive programme, concluded with persons subscribing for Series-D bearer shares, Series-D shares will be subject to a lock-up (a ban on trading) until 31 August 2022. Moreover, the Company may exercise the call option for Series-D shares (the right vested in the Company or an entity indicated by the Company to repurchase Series-D shares allocated under the above-mentioned programme from Beneficiaries), unless it fulfils the operational conditions described in the Rules and Regulations for the financial year 2020 (revenue and EBITDA of PLN 8,100,000 and PLN 2,700,000 million, respectively) and 2021 (revenue and EBITDA of PLN 13,500,000 million and PLN 4,500,000, respectively).

16.3. SPECIFYING THE NUMBER OF SHARES AND THE SHARE CAPITAL VALUE BY WHICH THE SHARE CAPITAL MAY BE INCREASED, UNDER THE COMPANY'S ARTICLES OF ASSOCIATION PROVIDING FOR THE MANAGEMENT BOARD'S AUTHORISATION TO INCREASE THE SHARE CAPITAL, AND ALSO THE NUMBER OF SHARES AND THE SHARE CAPITAL VALUE BY WHICH THE SHARE CAPITAL MAY BE INCREASED THROUGH SUCH PROCEDURE

On 8 November 2019 the Extraordinary Meeting of the Issuer adopted Resolution No. 4 on the amendment of the Company's Articles of Association and the authorisation of the Company's Management Board to increase the share capital within the authorised share capital limit, with an option to deprive existing shareholders of their subscription rights. By way of the said Resolution, § 5a was added to the Articles of Association, under which the Management Board shall be authorised to increase the Company's share capital through one or several capital increases by no more than PLN 15,000.00 (fifteen thousand zloty) by issuing no more than 150,000 (one hundred fifty thousand) new shares of the Company of the individual series (the authorised share capital limit).
The Management Board's authorisation to increase the Company's share capital within the authorised share capital limit and to issue new shares within the limit was given for the period until 31 December 2020.

Resolution No. 4 of the General Meeting of Shareholders shall have the following wording:

"Resolution No. 4
of the Extraordinary General Meeting
of QuarticOn S.A.
of 8 November 2019
on the amendment of the Company's Articles of Association and the authorisation of the Company's Management Board to increase the share capital within the authorised share capital limit, with an option to deprive existing shareholders of their subscription rights

§ 1

Pursuant to Article 430 of the Polish Commercial Companies and Partnerships Code (CCPC), the Extraordinary General Meeting of QuarticOn S.A. hereby resolves that:

- *the Company's Articles of Association shall be amended by adding § 5a after § 5 of the Articles of Association, with the following wording:*

1. *The Management Board shall be authorised to increase the Company's share capital through one or several capital increases by no more than PLN 15.000,00 (fifteen thousand zloty) by issuing no more than 150,000 (one hundred fifty thousand) new shares of the Company of the individual series (authorised share capital).*

2. *The authorisation to increase the Company's share capital within the authorised share capital limit and to issue new shares within the limit set in § 1 (1) above shall be given for the period until 31 December 2020.*

3. *The Management Board shall require the Supervisory Board's approval for each increase in the Company's share capital within the authorised share capital limit set in § 1 (1) above.*

4. *Shares issued within the authorised share capital limit may be subscribed for against contributions in cash and in kind. Each Management Board's resolution on the issue of shares against contributions in kind shall require the Supervisory Board's approval.*

5. *Each Management Board's resolution on setting the issue price shall require the Supervisory Board's prior approval. The total issue price for all issues within the authorised share capital limit may not be lower than 80% of the current market price of the shares, calculated as the average share price for the month preceding the Management Board's resolution, rounded to the whole 10 groszy.*

6. *The Management Board shall be authorised to make any decisions required in respect of the share capital increase within the authorised share capital limit, and in particular to:*

    1. *set the number of shares to be issued as a lot or series,*
    2. *set the number of individuals to whom the individual stock issues will be offered,*
    3. *set the subscription date(s), unless the subscription right is excluded,*
    4. *amend the Articles of Association as required for increasing the Company's share capital within the authorised share capital limit, and for establishing the consolidated text which incorporates such amendments,*
    5. *define any other terms in respect of share subscription,*
    6. *have the shares dematerialised and to conclude Share Registration Agreements with Krajowy Depozyt Papierów Wartościowych S.A.,*
    7. *have the shares floated through the NewConnect alternative trading system. 7. Subject to the Supervisory Board's approval, the Company's Management Board may deprive existing shareholders of their subscription rights to all or some of new shares (subscription rights) in relation to each share capital increase within the authorised share capital limit.*

7. *Subject to the Supervisory Board's approval, the Company's Management Board may deprive existing shareholders of their subscription rights to all or some of new shares (subscription rights) in relation to each share capital increase within the authorised share capital limit.*

8. *The Management Board's authorisation to increase the share capital within the authorised share capital limit shall be without prejudice to the General Meeting's right to effect an ordinary share capital increase while the Management Board is exercising that authorisation.*

9. *The objective of increasing the Company's share capital, as defined above, may only concern merger and acquisition projects.*

§ 2

The Resolution shall become effective upon adoption.

The above Resolution of the Issuer's General Meeting of 8 November 2019 was adopted through an open vote, in which valid votes were cast from 546,251 shares, representing 44.22 % of the Company's share capital, with 546,251 votes "for", ad no votes "against" and abstentions.

The amendment of the Issuer's Articles of Association regarding the authorisation of the Company's Management Board to increase the share capital within the authorised share capital limit was registered on 10 January 2020 (under Decision of the District Court of Warsaw, 12th Commercial Division of the National Court Register, case ref. WA.XII NS-REJ.KRS/94312/19/801).

17. Location in which the documents are available: the last disclosure which has been made available to the public, or the disclosure regarding those financial instruments or financial instruments of the same type; the Issuer's periodic financial statements released in compliance with the regulations binding on the Issuer

Disclosure of 17 December 2018, drawn up for the purposes of listing series-A and E shares on the NewConnect market, has been uploaded to the Issuer's website:
https://quarticon.com/pl/o-nas/dla-inwestorow/

The Issuer's Articles of Association and other corporate documents are available on:
https://quarticon.com/pl/o-nas/dla-inwestorow/

Resolutions of the General Meeting are also published via the Electronic Information Base (EBI) in the form of reports, and on the website of the Alternative Trading System Organiser: www.newconnect.pl.
The above-mentioned websites also contain historical data on the Issuer.

In addition, Minutes of General Meetings are kept on the Management Board's premises. Under Article 421 §3 of the Commercial Companies and Partnerships Code, shareholders may review the minutes book, as well as request copies of resolutions, certified by the Management Board.

The Issuer's periodic financial statements released in compliance with the regulations binding on the Issuer are available on the following website:
https://quarticon.com/pl/o-nas/dla-inwestorow/raporty-gieldowe/

All the disclosures drawn up by the Issuer in connection with listing its Shares on the NewConnect market, and Issuer's periodic financial statements released in compliance with applicable regulations, are available on the Issuer's website:
www.quarticon.com
and on the website of the Alternative Trading System Organiser: www.newconnect.pl

18. Appendices

18.1. VALID EXTRACT FROM THE NATIONAL COURT REGISTER

This printed information obtained pursuant to Article 4 (4aa) of the Act of 20 August 1997 on the National Court Register is equivalent to a document issued by the Central Database; No signature or stamp is required.

THE CENTRAL DATABASE OF THE NATIONAL COURT REGISTER

THE NATIONAL COURT REGISTER

Status as at 15/01/2020, 13:52:05

National Court Register (KRS) No.: 0000715276

Information equivalent to a valid extract
FROM THE REGISTER OF ENTREPRENEURS

Date of registration in the National Court Register		19/02/2018		
Last entry	Entry No.	10	Date of entry	10/01/2020
	File ref. No.	WA.XII NS-REJ.KRS/94312/19/801		
	Court name	DISTRICT COURT FOR THE CAPITAL CITY OF WARSAW IN WARSAW, 12TH COMMERCIAL DIVISION OF THE NATIONAL COURT REGISTER		

Part 1

Section 1 – Details of the entity	
1. Status of the legal entity	SPÓŁKA AKCYJNA *[joint-stock company]*
2. REGON *[National Business Registry Number]* / NIP *[Tax Identification Number]*	REGON: 142977414, NIP: 5213608082
3. Business name under which the company operates	QUARTICON SPÓŁKA AKCYJNA
4. Previous registration details	-------
5. Does the business entity conduct economic activities with other entities on the basis of a general partnership agreement?	NO
6. Does the company have the status of a public benefit organisation?	NO

Section 2 – Registered office and address of the entity	
1. Registered office	Country: POLAND, province: MAZOWIECKIE, district: WARSZAWA, commune: WARSZAWA, city/town/village: WARSZAWA
2. Address	ul. ALEJE JEROZOLIMSKIE, No. 123A, flat:---, city/town/village: WARSZAWA, postal code: 02-017, post office: WARSZAWA, country: POLAND
3. E-mail address	------
4. Internet website address	------

Section 3 – Branches
No entries

Section 4 – Information on the Articles of Association		
1. Information on the conclusion of or amendment to the Articles of Association	1	NOTARIAL DEED OF 28/12/2017, REGISTER A NO. 3022/2017, CIVIL-LAW NOTARY KLAUDIA MAZEK, NOTARY'S OFFICE IN WARSAW AND NOTARIAL DEED OF 28.12.2017, REGISTER A NO. 3026/2017, CIVIL-LAW NOTARY KLAUDIA MAZEK, NOTARY'S OFFICE IN WARSAW
	2	06/06/2018, REGISTER A NO. 2832/2018 CIVIL-LAW NOTARY EWELINA STYGAR-JAROSIŃSKA, NOTARY'S OFFICE IN WARSAW; THE AMENDED PROVISIONS OF THE ARTICLES OF ASSOCIATION: §5(1); §7, §10(8), §13 PAR. 1, 2, 3, AND 4, §14 PAR. 1, 2 AND 5, LETTERS D, E, G, H, I, K, L AND Q, PAR. 6 AND 7, §15 PAR. 5 AND 6, PTS. A AND F, THE PROVISION FOLLOWING PT. H, PAR 7(B), AND §20; DELETED PROVISIONS: §10 PAR. 3, 4, 5, 6, 7 AND 9, §11, §15(10) OF THE ARTICLES OF ASSOCIATION; ADDED PROVISIONS: §14 PAR. 2(1) AND PAR. 5(T), §15(5)(1) OF THE ARTICLES OF ASSOCIATION; THE EXISTING PROVISIONS DESIGNATED AS §10 PAR. 8, 10 AND 11 HAVE BEEN RE-NUMBERED TO PAR. 3, 4 AND 5 RESPECTIVELY, AND THE EXISTING PROVISIONS DESIGNATED WITH NUMBERS §10 TO §20 HAVE BEEN RE-NUMBERED TO §9 TO §18 OF THE ARTICLES OF ASSOCIATION, RESPECTIVELY
	3	NOTARIAL DEED MADE ON 06/06/2018, REGISTER A NO. 2832/2018 BY EWELINA STYGAR-JAROSIŃSKA, CIVIL-LAW NOTARY IN WARSAW RUNNING HER NOTARY'S OFFICE IN WARSAW. ADDED PROVISION: §9(1) OF THE ARTICLES OF ASSOCIATION NOTARIAL DEED MADE ON 17/08/2018, REGISTER A NO, 3676/2018 BY JOANNA KNAP, CIVIL-LAW NOTARY IN WARSAW RUNNING HER NOTARY'S OFFICE IN WARSAW AMENDED PROVISIONS: §5(1) OF THE ARTICLES OF ASSOCIATION; DELETED PROVISIONS: §17(2) AND §17(3) OF THE ARTICLES OF ASSOCIATION. NOTARIAL DEED MADE ON 27/09/2018, REGISTER A NO. 5247/2018 BY EWELINA STYGAR-JAROSIŃSKA, CIVIL-LAW NOTARY IN WARSAW RUNNING HER NOTARY'S OFFICE IN WARSAW. §5(1) OF THE ARTICLES OF ASSOCIATION WAS SUPPLEMENTED BY DETAILED PROVISIONS.
	4	08/11/2019, REGISTER A NO. 9812/2019, CIVIL-LAW NOTARY ADAM SUCHTA, NOTARY'S OFFCIE IN WARSAW, AMENDED PROVISION: §5(1) OF THE ARTICLES OF ASSOCIATION; ADDED PROVISION: §5A OF THE ARTICLES OF ASSOCIATION. 17/12/2019, REGISTER A NO. 15159/2019, CIVIL-LAW NOTARY AGNIESZKA LISOWSKA, NOTARY'S OFFICE IN WARSAW, AMENDED PROVISION: §5(1) OF THE ARTICLES OF ASSOCIATION

Section 5	
1. Period for which the company has been established	UNSPECIFIED
2. Name of the publication other than the Court and Commercial Gazette used for the Company's announcements	------
4. Do the Articles of Association grant personal powers to specific shareholders or titles to share in the income or capital of the company other than arising from the shares?	YES
5. Do bondholders have the right to share in profits?	NO

Section 6 – How the company was established	
1. Circumstances in which the company was founded	CONVERSION
2. Description of how the company was established, including the relevant resolution	CONVERSION OF QUARTIC SPÓŁKA Z OGRANICZONĄ ODPOWIEDZIALNOŚCIĄ *[Limited Liability Company]* INTO A COMPANY OPERATING UNDER THE BUSINESS NAME OF QUARTIC SPÓŁKA AKCYJNA, PURSUANT TO THE PROCEDURE LAID DOWN IN ARTICLE 551 AND FURTHER PROVISIONS OF THE COMMERCIAL COMPANIES AND PARTNERSHIPS CODE, CONVERSION UNDER RESOLUTION OF THE MEETING OF SHAREHOLDERS ADOPTED IN LINE WITH THE PROCEDURE AND PRINCIPLES LAID DOWN IN ARTICLES 562, 563 AND 577 OF THE COMMERCIAL COMPANIES AND PARTNERSHIPS CODE. THE RESOLUTION OF THE MEETING OF SHAREHOLDERS WAS ADOPTED ON 28 DECEMBER 2018.

	3. The number and date of a decision issued by the President of the Office of Competition and Consumer protection on the consent for concentration.	------

Sub-section 1 The entities that were converted to form a Company		
1	1. Name or registered business name	"QUARTIC SPÓŁKA Z OGRANICZONĄ ODPOWIEDZIALNOŚCIA", LIMITED LIABILITY COMPANY
	2. Name of the register with which the Company is registered	POLAND, NATIONAL COURT REGISTER
	3. Number in the Register	0000389015
	4. Name of the court maintaining the register	------
	5. REGON number	142977414
	6. NIP number	52113608082

Section 7 – Sole shareholder details
No entries

Section 8 – Capital of the Company	
1. The amount of share capital:	PLN 140,430.00
2. The amount of authorised capital:	PLN 15,000.00
3. The total number of shares issued	1,404,300
4. The nominal value of a share	PLN 0.10
5. The amount of paid-up capital	PLN 140,430.00
6. The nominal value of the conditional increase in share capital	PLN 15,292.70

Subsection 1 Information on contributions in kind
No entries

Section 9 – Share issue		
1	1. The name of the series of shares	A
	2. The number of shares in a given series	1066500
	3. The kind of preference and number of preference shares or information that they are not preference shares	THE SHARES ARE NOT PREFERENCE SHARES
2	1. The name of the series of shares	B
	2. The number of shares in a given series	50556
	3. The kind of preference and number of preference shares or information that they are not preference shares	THE SHARES ARE NOT PREFERENCE SHARES

3	1. The name of the series of shares	C
	2. The number of shares in a given series	17
	3. The kind of preference and number of preference shares or information that they are not preference shares	THE SHARES ARE NOT PREFERENCE SHARES
4	1. The name of the series of shares	E
	2. The number of shares in a given series	118,200
	3. The kind of preference and number of preference shares or information that they are not preference shares	THE SHARES ARE NOT PREFERENCE SHARES
5	1. The name of the series of shares	D
	2. The number of shares in a given series	152,927
	3. The kind of preference and number of preference shares or information that they are not preference shares	THE SHARES ARE NOT PREFERENCE SHARES
6	1. The name of the series of shares	F
	2. The number of shares in a given series	16,100
	3. The kind of preference and number of preference shares or information that they are not preference shares	THE SHARES ARE NOT PREFERENCE SHARES

Section 10 – A note on the passing of a resolution on the issue of convertible bonds
No entries

Section 11	
1. Is the management board or administration council authorised to issue subscription warrants?	NO

Part 2

Section 1 – Body authorised to represent the entity	
1. Name of the body authorised to represent the entity	THE MANAGEMENT BOARD
2. Manner of representation	IF THE MANAGEMENT BOARD IS COMPOSED OF ONE MEMBER, THE PRESIDENT OF THE MANAGEMENT BOARD IS AUTHORISED TO REPRESENT THE COMPANY INDEPENDENTLY; IF THE MANAGEMENT BOARD HAS MULTIPLE MEMBERS, EACH MEMBER OF THE MANAGEMENT BOARD IS AUTHORISED TO REPRESENT THE COMPANY INDEPENDENTLY.

Subsection 1 – Details of the members of the body		
1	1. Surname / Name or business name	WYBORSKI
	2. Given names	PAWEŁ
	3. PESEL / REGON No.	80030804838
	4. KRS No.	****
	5. Function in the representative body	PRESIDENT OF THE MANAGEMENT BOARD
	6. Was the member of the Management Board suspended?	NO
	7. Suspension end date	------
2	1. Surname / Name or business name	GIERGIELEWICZ
	2. Given names	MICHAŁ
	3. PESEL / REGON No.	71113000032
	4. KRS No.	****
	5. Function in the representative body	MEMBER OF THE MANAGEMENT BOARD – CHIEF FINANCIAL OFFICER
	6. Was the member of the Management Board suspended?	NO
	7. Suspension end date	------

Section 2 – Supervising body			
1	1. Name of the authority		SUPERVISORY BOARD
	Subsection 1 Details of the members of the body		
	1	1. Surname	JAWOREK
		2. Given names	OKTAWIAN ZBIGNIEW
		3. PESEL No.	---
	2	1. Surname	ŁAGOWSKI
		2. Given names	BARTŁOMIEJ
		3. PESEL No.	83020405633
	3	1. Surname	MARKOWSKI
		2. Given names	MICHAŁ STANISŁAW
		3. PESEL No.	84120211591
	4	1. Surname	LEBIEDZIŃSKI
		2. Given names	PAWEŁ
		3. PESEL No.	77112005870
	5	1. Surname	CHOJECKI
		2. Given names	PAWEŁ
		3. PESEL No.	83061903899

Section 3 – Commercial Proxies *[prokurenci]*
No entries

Part 3

Section 1 – Objects		
1. The main object of the Company	1	62.01.Z COMPUTER PROGRAMMING ACTIVITIES
2. Other objects of the Company	1	58.29.Z - OTHER SOFTWARE PUBLISHING
	2	62.02.Z COMPUTER CONSULTANCY ACTIVITIES
	3	62.03.Z COMPUTER FACILITIES MANAGEMENT ACTIVITIES
	4	62.09.Z OTHER INFORMATION TECHNOLOGY AND COMPUTER SERVICE ACTIVITIES
	5	63.11.Z DATA PROCESSING, HOSTING AND RELATED ACTIVITIES
	6	73.12.A MEDIA REPRESENTATION ON RADIO AND TELEVISION
	7	73.12.C ELECTRONIC MEDIA REPRESENTATION (THE INTERNET)
	8	73.12.D OTHER MEDIA REPRESENTATION
	9	73.11.Z ADVERTISING AGENCIES

Sub-section 2 – Information on the submitted documents			
Document type	Item No.	Date of submission	For period from to
1. Information on the submission of annual financial statements	1	10/07/2019	FROM 01/01/2018 TO 31/12/2018
2. Information on the submission of chartered auditor's opinion / auditor's report on annual financial statements	1	*****	FROM 01/01/2018 TO 31/12/2018
3. Information on the submission of a resolution or ruling approving the annual financial statements	1	*****	FROM 01/01/2018 TO 31/12/2018

Section 3 – Reports of the group
No entries

Section 4 – Object of activity of an organisation of public benefit
No entries

Section 5 – Information on the last day of the financial year	
1. The last day of the first financial year for which financial statements must be submitted	31/12/2018

Part 4

Section 1 – Arrears
No entries

Section 2 – Receivables
No entries

Section 3 – Information on dismissing a bankruptcy petition pursuant to Article 13 of the Bankruptcy Law of 28 February 2003 or on securing the debtor's property in insolvency or restructuring proceedings or upon a legally binding discontinuance of restructuring proceedings
No entries

Section 4 – Discontinuance of enforcement proceedings against the entity due to the fact that the enforcement proceedings will not yield a sum higher than the enforcement costs
No entries

Part 5

Section 1 – Court-appointed administrator
No entries

Part 6

Section 1 – Liquidation
No entries

Section 2 – Information on dissolution or abolishment of the company
No entries

Section 3 – Compulsory administration
No entries

Section 4 – Information on merger, split-up or conversion
No entries

Section 5 – Information on bankruptcy proceedings
No entries

Section 6 – Information on composition proceedings
No entries

Section 7 – Information on restructuring or rehabilitation proceedings, or forced restructuring
No entries

Section 8 – Information on suspending business activity
No entries

Date printed: 15/01/2020

Address of the website where the information from the register is available: ekrs.ms.gov.pl

18.2. UPDATED CONSOLIDATED TEXT OF THE ISSUER'S ARTICLES OF ASSOCIATION

Consolidated text
Articles of Association OF QUARTICON SPÓŁKA AKCYJNA

The Shareholders of the converted company Quartic spółka z ograniczoną odpowiedzialnością based in Warsaw at 123A Aleje Jerozolimskie Ave., 02-017 Warszawa, entered in the business register of the National Court Register kept by the District Court for Warsaw in Warsaw, the 12th Commercial Division of the National Court Register, under No. KRS 0000389015, hereby state that acting in line with the conversion plan adopted on 29 November 2017 and in line with Article 556 of the Commercial Companies and Partnerships Code, they hereby sign the Articles of Association of the converted company and in accordance with Article 55 of the Commercial Companies and Partnerships Code, in conjunction with Article 304 § 1 section 7 of the Commercial Companies and Partnerships Code, they act as its founders.

§1 The Company's foundation

1.1 The Company was established as a result of the conversion of spółka z ograniczoną odpowiedzialnością [limited-liability company] operating under the name Quartic sp. z o.o. based in Warsaw.

1.2 The Company's founders are:

(1) Paulina Zamojska,
(2) Paweł Wyborski,
(3) Przemysław Wyborski,
(4) Codemedia S.A.,
(5) Leonarto sp. z o.o.,
(6) Venture Fundusz Inwestycyjny Zamknięty,
(7) Q-Free Trading Limited,
(8) CBNC Capital Solutions Limited,
(9) Avallonii Seed Limited.

§ 2 Business name and registered office

1. The Company operates under the business name of **QuarticOn Spółka Akcyjna (a joint-stock company).** The company may use the abbreviated name QuarticOn S.A. and its identifying logo.
2. The Company’s registered office is in Warsaw.

§ 3 Operational timeframe, area of operations and branches

1. The Company was established for an indefinite period.
2. The Company may operate within and outside the territory of the Republic of Poland.
3. The Company may participate in other companies, whether based in the country or abroad.
4. The Company may open branches, local divisions, representative offices, as well as other organisational units within and outside the territory of the Republic of Poland.

§ 4 Core activities (objects) of the Company

1. The core activities of the Company shall include any legally permissible economic activities conducted on the Company's own account and on the account of others, within and outside the territory of the Republic of Poland, in the following fields:
   46.51.Z Wholesale of computers, peripheral equipment and software,
   47.41.Z Retail sale of computers, peripheral units and software in specialised stores,
   47.91.Z Retail sale via mail order houses or via Internet,
   58.29.Z Other software publishing,
   62.01.Z Computer programming activities,
   62.02.Z Computer consultancy activities,
   62.03.Z Computer facilities management activities,
   62.09.Z Other information technology and computer service activities,
   63.11.Z Data processing, hosting and related activities,
   63.12.Z Web portals,
   63.91.Z News agency activities,
   63.99.Z Other information service activities not elsewhere classified,
   70.10.Z Activities of head office and holding companies, excluding financial holding companies,
   70.21.Z Public relations and communication activities,
   70.22.Z Business and other management consultancy activities,
   72.19.Z Other research and experimental development on natural sciences and engineering,
   73.11.Z Advertising agencies activities,
   73.12.A Intermediation in the sale of time and place on advertising aims in the radio and television,
   73.12.B Intermediation in the sale of the place on advertising aims in printed media,
   73.12.C Intermediation in the sale of the place on advertising aims in electronic media (Internet),
   73.12.D Intermediation in the sale of the place on advertising aims in other media,
   73.20.Z Market research and public opinion polling,
   77.40.Z Leasing of intellectual property and similar products, except copyrighted works,
   78.20.Z Temporary employment agency activities,
   78.30.Z Other human resources provision,
   82.30.Z Organisation of conventions and trade shows,
   85.59.B Other out-of-school forms of education, not elsewhere classified,
   85.60.Z Educational support activities.
2. Any business requiring permits or licences shall be conducted only upon obtaining such permits or licences.

§ 5 Share capital

1. The Company's share capital is PLN 140,430.00 (say: one hundred and forty thousand four hundred and thirty zloty). The share capital shall be divided into 1,404,300 (say: one million four hundred four thousand and three hundred) shares, including:
   1) 1,066,500 (one million sixty-six thousand and five hundred) Series-A ordinary bearer shares

with a nominal value of PLN 0.10 (10/100, ten groszy) each,

2) 50,556 (fifty thousand five hundred and fifty-six) Series-B ordinary bearer shares with a nominal value of PLN 0.10 (ten groszy) each,
3) 17 (seventeen) Series-C ordinary bearer shares with a nominal value of PLN 0.10 (ten groszy) each,
4) 152,927 (one hundred and fifty-two thousand nine hundred twenty-seven) Series-D ordinary bearer shares with a nominal value of PLN 0.10 each,
5) 118,200 (one hundred eighteen thousand and two hundred) Series-E ordinary bearer shares with a nominal value of PLN 0.10 (ten groszy) each,
6) 16,100 (sixteen thousand and hundred) Series-F ordinary bearer shares with a nominal value of PLN 0.10 (ten groszy) each.

2. The Company was established through the conversion of Quartic spółka z ograniczoną odpowiedzialnością [limited-liability company], its share capital being paid up in full.

§ 5a

1. The Management Board shall be authorised to increase the Company's share capital through one or several capital increases by no more than **PLN 15,000.00 (fifteen thousand zloty) by issuing no more than** 150,000 (one hundred fifty thousand) new shares of the Company of the individual series.

2. The authorisation to increase the Company's share capital within the authorised share capital limit, and to issue new shares within the limit set in § 1 (1) above, shall be given for the period until 31 December 2020.

3. The Management Board shall require the Supervisory Board's approval for each increase in the Company's share capital within the authorised share capital limit set in § 1 (1) above.

4. Shares issued within the authorised share capital limit may be subscribed for against contributions in cash and in kind. Each Management Board's resolution on the issue of shares against contributions in kind shall require the Supervisory Board's approval.

5. Each Management Board's resolution on setting the issue price shall require the Supervisory Board's approval. The total issue price for all issues within the authorised share capital limit may not be lower than *80*% of the current market price of the shares, calculated as the average share price for the month preceding the Management Board's resolution, rounded to the whole 10 groszy.

6. The Management Board shall be authorised to make any decisions required in respect of the share capital increase within the authorised share capital limit, and in particular to:

1) set the number of shares to be issued in a given lot or series,
2) compile a list of individuals to whom the individual stock issues will be offered,
3) set the subscription date(s), unless the subscription right is excluded,
4) amend the Articles of Association as required for increasing the Company's share capital within the authorised share capital limit, and for establishing the consolidated text which incorporates such amendments,
5) define any other terms in respect of share subscription,

6) have the shares dematerialised and conclude Share Registration Agreements with Krajowy Depozyt Papierów Wartościowych S.A.,
7) have the shares floated in the alternative trading system organised by the Warsaw Stock Exchange.

7. Subject to the Supervisory Board's approval, the Company's Management Board may deprive existing shareholders of their subscription rights to all or some of new shares (subscription rights) in relation to each share capital increase within the authorised share capital limit.

8. The Management Board's authorisation to increase the share capital within the authorised share capital limit shall be without prejudice to the General Meeting's right to effect an ordinary share capital increase while the Management Board is exercising that authorisation.

9. The objective of increasing the Company's share capital, as defined above, may only concern merger and acquisition projects.

§ 6 Types of shares

1. The shares may be registered shares or bearer shares.
2. Conversion of registered shares into bearer shares shall be made under a resolution of the Company's Management Board, subject to the Management Board approving the shareholder's request made to that effect. Resolutions on converting registered shares held by members of the Management Board into bearer shares shall be passed by the Supervisory Board.
3. Bearer shares many not be converted into registered shares.
4. Shares may be issued as collective share certificates.

§ 7 Bonds

The Company may issue bonds, including bonds with priority rights and bonds convertible into the Company's shares.

§ 8 Redemption of shares

1. The Company may redeem its own shares.
2. The Company's shares may be redeemed with the consent of the shareholder, by way of its acquisition by the Company (voluntary redemption).
3. The shareholder whose shares are to be redeemed is entitled to receive a payment of no less than the value of net assets per share, as demonstrated in the financial statement for the last financial year, reduced by the amount to be divided among the shareholders.
4. The shares may be redeemed without payment subject to the shareholder's consent.

§ 9 Increase in the Company's share capital

1. The Company's share capital may be increased by way of a resolution passed by the General Meeting.
2. Contributions in cash and in kind can be made to increase the share capital.
3. By way of the General Meeting's resolution on amending the Articles of Association of the Company, shareholders may increase the Company's share capital by allocating funds from supplementary or reserve capitals (funds) set up from the Company's profit (increase in the share capital from the

Company's own funds). In the event of such an increase, the existing shareholders shall be entitled to the new shares relative to their current share, with no obligation of such shares to be subscribed for.

4. The existing shareholders shall have pre-emption rights in respect of shares in the increased capital, relative to the number of shares held.
5. The General Meeting may deprive the existing shareholders of all or some of their pre-emption rights in respect of shares in the increased capital, as a measure in the best interest of the Company.

§ 9¹

The Company's share capital was increased conditionally by an amount not exceeding PLN 15,292.70 (say: fifteen thousand two hundred ninety-two złoty and 70/100) by way of issuing no more than 152,927 (one hundred and fifty-two thousand nine hundred twenty-seven) Series-D ordinary bearer shares with a nominal value of PLN 0.10 each. Only holders of Series-A Subscription Warrants are entitled to subscribe for Series-D shares.

§ 10 Governing bodies of the Company

The governing bodies of the Company include:

(1) the General Meeting,

(2) the Supervisory Board,

(3) the Management Board.

§ 11 General Meeting

1. Convening of General Meetings.

   1)General Meetings may be ordinary or extraordinary.

   2)Ordinary General Meetings are convened by the Management Board on a yearly basis, no later than within 6 (six) months of the closing of the Company's financial year.

   3)Extraordinary General Meetings are convened by the Management Board to consider matters which need to be settled immediately by way of a shareholders' resolution. The Management Board shall also, at the written request from shareholders representing at least 1/20 of the Company's share capital, convene an Extraordinary General Meeting within 2 weeks of a written request being submitted to the Management Board to convene such an Extraordinary General Meeting.

   4)Extraordinary General Meetings are also convened by the Management Board at the request of a shareholder or shareholders representing at least 1/20 of the Company's share capital. Extraordinary General Meetings may also be convened by the Supervisory Board when deemed necessary, or by shareholders representing at least 50% of the Company's share capital or at least 50% of all votes in the Company.

   5)During the General Meeting, each shareholder of the Company may submit draft resolutions on matters placed on the agenda.

   6)No resolutions can be passed on any matters not placed on the agenda unless the whole share capital is represented at the General Meeting and none of the attendees has raised an objection to any such resolution being passed.

   7)Resolutions can be passed even without formally convening the General Meeting, provided that the whole share capital is represented at the General Meeting and none of the attendees has expressed an objection to holding the General Meeting or to placing given matters on its agenda.

8) General Meetings shall be held at the Company's registered office, in Warsaw, Wrocław, Gdynia, Gdańsk, Kraków, Katowice and Poznań.

2. Participation in General Meetings.

1) A shareholder may participate in the General Meeting and exercise their voting right personally or by proxy.

2) Members of the Management Board or the Supervisory Board may participate in the General meeting.

3. Voting.

1) Resolutions shall be passed by an absolute majority of votes unless otherwise stated herein or in the Commercial Companies and Partnerships Code.

2) Voting shall be generally held by open ballot. Voting by secret ballot shall be ordered for elections, requests to dismiss or hold accountable members of the governing bodies of the Company or receivers, and in personal matters. In addition, voting by secret ballot shall also be held when at least one of the shareholders attending or represented at the General Meeting demand so.

4. Powers of the General Meeting.

The powers of the General Meeting shall include matters indicated in the Commercial Companies and Partnerships Code as well as herein, in particular:

a) reviewing and approving the Management Board's report on the operations of the Company and the financial statement for the previous financial year, and granting a vote of acceptance to members of the governing bodies of the Company in respect of their obligations,

b) actions for damages upon the Company formation or supervisory and management responsibilities,

c) allocating and dividing the Company's profit, paying out dividends, covering losses, and determining deductions for capitals and funds,

d) amending the Articles of Association,

e) selling or lending the Company's business or its organised part,

f) purchasing and selling real estate, perpetual usufruct, or a share in real estate or in the right of perpetual usufruct,

g) combining, dividing or converting the Company,

h) establishing, using or liquidating earmarked funds, and supplementary or reserve capitals,

i) dissolving the Company, commencing its liquidation or appointing an official receiver,

j) the Company purchasing or subscribing for its own shares,

k) the Company establishing other commercial law companies,

l) passing a resolution on the Company continuing its business in the event of the balance sheet drawn up by the Management Board indicating a loss exceeding the sum of supplementary and reserve capitals, and half of the share capital,

m) setting the remuneration for members of the Supervisory Board,

n) increasing or decreasing the Company's share capital,

o) redeeming the Company's shares,

p) changing the Company's core activities,

q) the Company's shares being admitted to trading on a regulated market or in an alternative trading system,

r) other matters placed on the General Meeting's agenda.

5. Organisation and course of the General Meeting.

1) ----------The General Meeting shall be opened by the Chairman or Vice-Chairman of the Supervisory Board, following which a Chairman of the General Meeting shall be selected from among the authorised attendees. In the absence of such attendees, the General Meeting shall be opened by the President of the Management Board or a person appointed by the Board.

2) ----------Detailed rules regarding the organisation and course of General Meetings are laid down in the rules and regulations adopted by the General Meeting. Prior to their adoption, the General Meeting shall proceed in compliance with the provisions hereof and with applicable law.

§ 12 Supervisory Board

1. The Supervisory Board is made up of 5 (five) to 7 (seven) members who are appointed as follows:

   a)----------Venture Fundusz Inwestycyjny Zamknięty, with its registered office in Warsaw, as long as it holds at least 10% of shares in the Company's share capital, shall appoint 1 (one) member of the Supervisory Board,

   b)----------Paweł Wyborski, as long as he holds at least 5% stock in the Company's share capital, shall appoint 1 (one) member of the Supervisory Board,

   c)----------The General Meeting of the Company shall appoint other members of the Supervisory Board and determine their number.

2. Members of the Supervisory board are appointed for a joint five-year term of office. ---

2^1. In the event of death or resignation of a member of the Supervisory Board before the expiry of his/her term of office, other members of the Supervisory Board may appoint, by co-option and under a resolution passed by an absolute majority of votes, a member who will perform duties until the new member of the Supervisory Board is elected by an entity authorised to appoint the member being replaced (pursuant to Par. 1 above); however, not longer than until the expiry of the term of office of his/her predecessor.

3. To the extent that members of the Supervisory Board referred to in Par. 1 (a) and (b) are not appointed as described above, within 14 days of an event causing the necessity to appoint new members of the Supervisory Board, the General Meeting shall have the right to appoint such members by way of an absolute majority of votes.

4. Members of the Supervisory Board appointed as described in Par. 1 (a)-(c) may be dismissed by persons authorised to appoint them.

5. The Supervisory Board shall have the power in particular to:

   a) exercise permanent supervision over the Company's operations,

   b)----------audit the Company's financial statements and the Management Board report in terms of their compliance with both accounting records and documents, and the actual status,

   c)----------audit the Management Board recommendations as to dividing the Company's profit and covering losses,

   d) submit annual written statements to the General Meeting on the audit results,

e) appoint and recall members of the Management Board subject to § 13 (2),

f) ----------approve annual budgets, quarterly budget modifications and any other changes to the Company's budget, financial plan together with its implementation scheme, and recovery plans,

g)----------consent to the sales or purchase of assets by the Company, and to incur expenditures above PLN 300,000 (say: three hundred thousand złoty and 0/100) unless these were included in the Company's budget,

h) ----------consent to the Company incurring liabilities, including off-balance sheet liabilities, with a one-off value – and in the case of periodic or continual liabilities with a value for a period of 12 (twelve) consecutive months – above PLN 300,000 (say: three hundred thousand złoty and 0/100) unless these result from contracts concluded with the Company's customers,

i)----------grant a licence to another entity to use software crucial for the Company's operations, except for non-exclusive and non-transferable licences granted by the Company as part of its ongoing activities to entities for which the Company provides its services, and except for licences granted to companies belonging to the same capital group as the Company, within the meaning of the Consumer and Competition Protection Act of 16 February 2007; In particular, granting a licence for the licensee to provide services for third parties which are competitive to those provided by the Company shall require the consent of the Supervisory Body,

j) dispose of any intellectual property rights vested in the Company,

k)----------subscribe for, acquire, encumber or dispose of any rights attached to the shares in any other entity, except for subscribing for shares in companies in which the Company holds 100% stake in the share capital and for new shares in companies controlled by the Company,

l)----------select an audit company or an expert auditor to inspect the Company's financial statements or perform a mid-term review,

m) ----------consent to appointing a commercial representative or the Company granting a general power of attorney,

n) ----------consent to the Company concluding a contract which has not been envisaged in the Company's budget, other than as part of the retail sales conducted by the Company, with an affiliated entity (a spouse or a cohabiting person, a family member, a relative, an adoptive parent or an adoptee, a person related by custody, and an entity that is controlled by a given person, which shall be understood as an entity over which that person has taken control, within the meaning of Article 4 (4) of the Consumer and Competition Protection Act of 16 February 2007 (Journal of Laws of 2007, No. 50, item 331 as amended), and an affiliated company within the meaning of the Commercial Companies and Partnerships Code) or entities affiliated with the Company, its shareholders, members of the Management Board or the Supervisory Board, or its commercial representative, irrespective of the value. A member of the Supervisory Board shall not take part in voting on the consent referred to in the preceding clause if it concerns a contract with an entity affiliated with that member,

o)----------consent to the Company concluding an agreement with a member of the Management Board or the Supervisory Board, or a commercial representative, irrespective of the value. A member of the Supervisory Board shall not take part in voting on the consent referred to in the preceding clause if it concerns an agreement with that member him/herself or with an entity affiliated with that member,

p)----------resolve on or introduce amendments to the rules and regulations of the Supervisory Board,

q)----------adopt or amend the rules of remunerating members of the Management Board,

r) ----------consent to advance payments towards dividends,

s)----------resolve on or introduce amendments to the rules and regulations of the Management Board,

t) ----------consent to lease or encumber in any way the Company's tangible or intangible assets with a value over PLN 300,000 (say: three hundred thousand złoty and 0/100).

6. The Supervisory Board may adopt binding resolutions provided that all of its members have been invited to a meeting of that Board, and if that meeting is attended by at least half of its members. The Supervisory Board may adopt resolutions without formally convening the meeting provided that all of its members are present and none of them has raised an objection to holding the meeting.
7. Members of the Supervisory Board may take part in adopting resolutions of the Supervisory Board by casting their votes in writing by hand of another member of the Supervisory Board. The Supervisory Board may also adopt resolutions through communication in writing, or using distant communication methods, such as email, fax or phone.
8. Meetings of the Supervisory Board should be convened on an as-needed basis but at least three times in a given financial year.
9. Meetings of the Supervisory Board may be attended by persons invited by its members; however, they shall have no voting rights.
10. Members of the Supervisory Board may collect remuneration for fulfilling their functions if the General Meeting decides so.
11. The rules and regulations of the Supervisory Board shall be adopted by the General Meeting.

§ 13 Management Board

1. The Management Board shall manage the Company's affairs and represent the Company.
2. The Management Board is made up of 1 (one) to 3 (three) members, with Venture Fundusz Inwestycyjny Zamknięty having the right to appoint 1 (one) member of the Management Board, who shall act as the Chief Financial Officer (in charge of financial matters). Other members of the Management Board are appointed by the Supervisory Board.
3. Members of the Management Board are appointed for a period of 5 years. The mandate of a given member of the Management Board shall also expire upon his/her death, resignation or recall.
4. Venture Fundusz Inwestycyjny Zamknięty shall have an exclusive right to recall the member of the Management Board acting as the Chief Financial Officer (in charge of financial matters).

5. In its resolution on appointing members of the Management Board, the Supervisory Board shall indicate the President and Deputy President of the Board.

5[1]. In the event of an equal number of votes in passing the Management Board's resolutions, the President of the Management Board shall have the casting vote.

6. In the matters of:

a)----------incurring liabilities with a one-off value – and in the case of periodic or continual liabilities with a value for a period of 12 (twelve) consecutive months – above PLN 100,000 (say: one hundred thousand złoty and 00/100),

b) incurring contingent liabilities to grant sureties, promissory notes and guarantees,

c) acquiring stock, shares or other instruments confirming participation in other entities,

d)----------disposing of assets with a value over PLN 40,000.00 (say: forty thousand złoty and 00/100) through one or several related transactions,

e) loans,

f) ----------concluding agreements with shareholders, members of the governing bodies of the Company or entities affiliated with shareholders, members of the governing bodies of the Company,

g) debt release, waiver of claims, settlements,

h) performing activities related to the Company's stock entry to the regulated market,

a resolution by the Management Board shall be required.

7. The Company shall be represented:

a)----------in the case of a single-member Management Board, the right to solely represent the Company is vested in the President of the Management Board,

b)----------in the case of multi-person Management Board, each member may represent the Company independently.

8. The rights of members of the Management Board to manage the Company's affairs and to represent it shall apply to all court and out-of-court activities.

9. Subject to Par. 4, the General Meeting may recall or suspend each member of the Management Board at any time and without stating the reason.

10. *crossed out*

11. A vote of acceptance shall be granted to each member of the Management Board separately.

12. The Company's Management Board is authorised to provide shareholders with advance payments in respect of the expected dividend, subject to the rules laid down in Article 349 of the Commercial Companies and Partnerships Code. The advance dividend payment is subject to the Supervisory Board's consent.

§ 14 Financial year

The financial year of the Company corresponds to the calendar year.

§ 15 Annual financial statements

The Company's registers, commercial books and documents shall be stored in compliance with the rules

and laws applicable in Poland.

§ 16 Capitals

1. The Company has established the following capitals:

(1) share capital,

(2) supplementary capital,

2. In addition, the General Meeting may decide on establishing a reserve capital and other earmarked funds, and determine the rules of their use.

§ 17 Liquidation

1. The Company may be dissolved following liquidation proceedings.

2. crossed out

3. crossed out

§ 18 Governing law

Any matters not regulated hereunder shall be governed by the provisions of the Commercial Companies and Partnerships Code."

19. Definitions and abbreviations

Shares	All the shares comprising the Issuer's share capital
Series-B shares	50,556 Series-B ordinary bearer shares with a nominal value of PLN 0.10 each
Series-C shares	17 Series-C ordinary bearer shares with a nominal value of PLN 0.10 each
Series-F shares	16,100 Series-F ordinary bearer shares with a nominal value of PLN 0.10 each
Alternative trading system or ATS	The NewConnect market operated by Giełda Papierów Wartościowych w Warszawie S.A. (Warsaw Stock Exchange)
Authorised Adviser	Dom Maklerski BDM S.A. with its registered office in Bielsko-Biała
CEE	Central and Eastern Europe
Issuer or Company	QuarticON S.A. with its registered office in Warsaw
Euro	The official currency of the European Union
Stock Exchange or WSE	Giełda Papierów Wartościowych w Warszawie S.A. (the Warsaw Stock Exchange) with its registered office in Warsaw
Central Securities Depository or CSD	Krajowy Depozyt Papierów Wartościowych S.A. (the Central Securities Depository of Poland) with its registered office in Warsaw
CCPC	The Act of 15 September 2000 – the Commercial Companies and Partnerships Code (consolidated text, Journal of Laws of 2019, item 505, as amended)
Commission or Financial Supervision Authority	Financial Supervision Authority
NewConnect	The NewConnect market operated by the Warsaw Stock Exchange
Alternative Trading System Organiser	Giełda Papierów Wartościowych w Warszawie S.A. z siedzibą w Warszawie (the Warsaw Stock Exchange)
PAP	The Polish Press Agency
PLN, zł, złoty	The Polish złoty – the legal tender in the Republic of Poland
Supervisory Authority	The Issuer's Supervisory Authority
Alternative Trading System Rules	The Alternative Trading System Rules adopted under Resolution No. 147/2007 of the Management Board of the Warsaw Stock Exchange of 1 March 2007, as amended, consolidated text as per the laws applicable as at 2 January 2019.
MAR	Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse (the market abuse regulation) and repealing Directive 2003/6/EC of the European Parliament and of the Council and Commission Directives 2003/124/EC, 2003/125/EC and 2004/72/EC (text with EEA relevance) (OJ L 173 of 12 June 2014, pages 1-61, as amended)
Regulation No. 2016/522	Commission Delegated Regulation (EU) No. 2016/522 of 17 December 2015, supplementing Regulation (EU) No 596/2014 of the European Parliament and of the Council as regards an exemption for certain third countries public bodies and central banks, the indicators of market manipulation, the disclosure thresholds, the competent authority for notifications of delays, the permission for trading during closed periods and types of notifiable managers' transactions (OJ L 88, of 05 April 2016, as amended) (text with

	EEA relevance)
Regulation on the control of concentrations between undertakings	Council Regulation (EC) No 139/2004 of 20 January 2004 on the control of concentrations between undertakings (OJ L 24 of 20 January 2004, pages 1-22)
Articles of Association	The Articles of Association of QuarticOn Spółka Akcyjna, with its registered office in Warsaw, as worded in the consolidated text
EU	European Union
USD	American dollar – the official currency of the United States
Capital Market Supervision Act	The Capital Market Supervision Act of 29 July 2005 (consolidated text, Journal of Laws of 2019, item 1871, as amended)
Financial Instruments Act	The Act of 29 July 2005 on Trade in Financial Instruments (consolidated text, Journal of Laws of 2018, item 2286, as amended)
Public Offering Act	The Act of 29 July 2005 on public offerings and the conditions for making financial instruments available in the organised trading system and on public companies (consolidated text, Journal of Laws of 2019, item 623, as amended)
Personal Income Tax Act	The Personal Income Tax Act of 26 July 1991 (consolidated text, Journal of Laws of 2019, item 1387, as amended)
Corporate Income Tax Act	The Corporate Income Tax Act of 15 February 1992 (consolidated text, Journal of Laws of 2019, item 865, as amended)
Civil Law Transactions Act	The Civil Law Transactions Act of 09 September 2000 (consolidated text, Journal of Laws of 2019, item 1519, as amended)
Accounting Act	The Accounting Act of 29 September 1994 (consolidated text, Journal of Laws of 2019, item 351, as amended)
General Meeting	The General Meeting of QuarticOn Spółka Akcyjna with its registered office in Warsaw
Management Board	The Management Board of QuarticOn Spółka Akcyjna with its registered office in Warsaw

20. Dictionary of industry and technical terms

tn	trillion, 1,000,000,000,000 = 1,012 (i.e. 1,000 billions)
Direct/B2B	A product sales channel for direct contact between the company's salesperson and the customer
EBITDA	Operating profit (loss) increased by the non-pecuniary costs (e.g. depreciation)
Email & marketing automation	A system integrated with the recommendation engine for automated sending of emails dynamically adjusted to customers' needs. Each customer automatically receives personalised messages with products which might be of interest to them. The messages are adjusted to the customer's "life cycle" in the store, helping to formulate the product offering with greater precision. The module also provides comprehensive marketing strategies which support the development and management of the customer's life cycle, from building the mailing database, to remarketing, to basket recovery and anti-churn strategies.

Rev-share model	A model designed to settle payments with online stores in which the value of the payment for the service depends on the value of sales generated by the customer using the offered product recommendation tool
Omnichannel	A commercial channel in which merchandise is sold simultaneously through various distribution channels: traditional (physical stores) and modern (online stores, mobile telecommunications) channels.
E-commerce platforms	Online locations (websites) in which online stores may be set up and run. The platform offers store templates (templates of websites) using which customers may set up their own stores, create dedicated tools (e.g. related to payments) and receive the assistance necessary to run the business.
SaaS	Software as a service – a model of cloud computing in which the application is stored and executed on the computers of the service provider and made available to users online
Smart-search	A smart (integrated with the recommendation engine) search engine embedded in the e-store
SOHO	Small office/home office – the segment of small stores with revenues below PLN 1 million a month – numbering about 2 million in the world.
Artificial intelligence	(Artificial intelligence, AI), a sub-field of information technology investigating the principles governing human cognitive behaviour and developing software and computer systems simulating human thinking. Systems based on artificial intelligence allow automated decision-making and performing actions at least as good as humans would do.
Taxonomy	The classification (hierarchical ordering) of the website's content from the main category to first- and second-order subcategories.
TB	Terabyte, a unit of information, 1 trillion bytes
Machine learning	A field of information technology dealing with the development of software and algorithms which independently build rules and interrelations between them based on available data. These algorithms independently and automatically build new knowledge based on new data without the need to be reprogrammed. The purpose of learning algorithms is self-improvement in the context of solving a given problem.
Video on Demand (VoD)	A video on demand service. A service allowing broadcast film materials to be watched or sound recording to be listened to at a preferred time later than during the broadcast.
ARPC indicators	Average revenue per customer, calculated by dividing the value of revenues by the number of customers in a given period of time
Churn rate	The churn rate is the rate of customers who stop buying products or services. The churn rate is the relationship of revenues lost over a period of time to all the revenues earned from the previous period.