

Current Report ESPI No 25/2021

Date of Preparation: 2021-12-28

Short Name of Issuer: QUARTICON S.A.

Subject: Signing a grant agreement with the National Center for Research and Development

Content:

Management Board of QuarticOn S.A. (Company, Issuer) in reference to the published ESPI report 16/2021 concerning information on the recommended amount of funding from the National Centre for Research and Development [NCRD], informs that today, i.e. December 28, 2021, the Issuer has received confirmation of the signing by the National Center for Research and Development of an agreement for co-financing the Company's project "Development of advanced algorithms and artificial intelligence methods in the field of analysis and modeling of fashion styles in the form of a self-learning system of recommendations and composition of fashion stylizations (outfits) from individual garments based on given style patterns" [Agreement]. The total budget of the project is PLN 6.3 million, co-financing from EU funds was set at PLN 4.7 million. The Company started the project at the beginning of November this year.

The period of eligibility of costs for the project starts on November 1, 2021 and ends on September 30, 2023. The Company obliged to ensure the durability of the project for the period 3 years from the date of its completion.

The project, shortly called "AI Fashion Stylist" is an innovative tool based on artificial intelligence algorithms that combines the functions of a virtual fashion stylist, a marketplace for the fashion sector (not only clothing and footwear, but also accessories and jewelry) and own wardrobe the content of which "participates" in the creation of outfits based on previous defined styles. The final solution will be available both as a recommendation engine for large e-stores and as a mobile application targeted at individual users. The implementation of the project is planned for 23 months (until the end of September 2023), however, the Company does not rule out that selected solutions will be made available earlier.

In the event of circumstances that may have a negative impact on the implementation of the project or achievement of the project's objectives, or the discontinuation of the project, NCRD may withhold the funding or terminate the Agreement, which may entail a potential need for the Company to return all or part of the funding received.

In the remaining scope, the provisions of the Agreement do not differ from the terms and conditions commonly used for this type of agreement.

The coming months are the period of full launch of the project implementation and negotiations with selected entities that will support the work on the project in the creative and fashion areas on an ongoing basis.

From the point of view of the Company's Management Board, the signed contract is a major milestone in the implementation of the Company's strategy - it sets the foundation for the second (next to CDXP) business segment of the Company, generating a new revenue stream in the future.

Signatures of persons representing the Company:

Paweł Wyborski - CEO

Michał Giergielewicz - CFO