



Independent auditor's report

On annual financial statements

to the shareholders and supervisory board of

QuarticOn Spółka Akcyjna

Report on the audit of the annual financial statements

Opinion

We have audited the Financial Statements of QuarticOn Spółka Akcyjna with its registered office in Warsaw, ul. Aleje Jerozolimskie 123A, 02-017 Warszawa.

The Financial Statements comprise:

- Introduction to the Financial Statements,
- Balance Sheet as at 31 December 2022 with total assets of **PLN 4 423 350,72**
- Profit and Loss Account for the period from 1 January 2022 to 31 December 2022 stating a net loss of **PLN 4 254 833,15**
- Cash Flow Statement stating an increase in cash flow of **PLN 118 699,77**
- Statement of Changes in Equity showing a decrease in equity of **PLN 3 267 699,77**
- Notes to the Financial Statements.

In our opinion, the attached financial statement:

- presents a solid and clear picture of QuarticOn Spółka Akcyjna financial position and financial standing as at 31.12.2022, and its financial result for the financial year from 01.01.2022 to 31.12.2022, in accordance with the applicable provisions of the Accountancy Act ("Accountancy Act" - Journal of Laws of 2021, item 217, as amended) and accepted accounting principles (policy),

- has been prepared on the basis of correctly, in accordance with the provisions of Chapter 2 of the Accountancy Act, kept accounting books,
- is in line with the form and content of the applicable QuarticOn Spółka Akcyjna law and contract terms of the company.

Basis of Opinion

We conducted our audit in accordance with the International Standards of Auditing in the wording adopted as National Standards of Auditing by resolutions of the National Council of Statutory Auditors ("KSB") and pursuant to the Act of on May 11, 2017 on statutory auditors, audit firms and public supervision (the "Act on Certified Auditors" - Journal of Laws of 2021, item 1598).

Our liability in accordance with these standards is further described in the section of our report: *Auditors' Responsibility for auditing the financial statements*.

We are independent of QuarticOn Spółka Akcyjna in accordance with the Code of Ethics of Professional Accountants of the International Federation of Accountants ("IFAC Code") adopted by resolutions of the National Council of Statutory Auditors and with other ethical requirements that apply to the audit of financial statements in Poland, we have fulfilled our other ethical obligations in accordance with these requirements and the IFAC Code. In the course of the audit, the key statutory auditor and the audit firm were independent of the Company in accordance with the independence requirements of the Act on Certified auditors.

We believe that the audit evidence we have obtained is adequate and appropriate to provide the basis for our opinion.

Explanatory note

While not raising objections to the audited financial statements, we note that the entity's management informed in the introduction to the statements and Note 1.41. of the notes that the Company's going concern may be at risk and dependent on the realization of assumptions regarding a significant increase in sales revenues and the acquisition/extension of short-term financing sources as well as the acquisition of financing from new share issues.

In addition, the company has shown losses in the financial statements which exceed the amount of reserve capital, other reserve capital and one third of the share capital. Pursuant to Article 397 of the Commercial Companies Code, the Management Board is obliged to immediately convene the shareholders' meeting in order to adopt a resolution on the continued existence of the company.

Other issues

The financial statements of QuarticOn Spółka Akcyjna for the previous year ended 31 December 2021 were audited by our auditors acting on behalf of audit firm who expressed an unqualified opinion on those statements on May 31, 2022.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were most significant during our audit of the financial statements for the current reporting period. They include the most significant assessed risks of material misstatement, including assessed risks of material misstatement due to fraud. We have addressed these matters in the context of our audit of the financial statements as a whole and in forming our opinion and have summarized our response to these risks and, where we considered it appropriate, have provided key observations related to these risks. We do not express a separate opinion on these matters.

Key audit matters	How our audit addressed this issue
Intangible assets - costs of completed development work	<p>We performed audit procedures consisting of, among other things, recognition of development work in progress and expenditures capitalized thereon, completeness and correctness of classification. We verified the correctness, existence and occurrence of the aforementioned and related source documentation.</p> <p>We verified the recoverable amount of assets to verify the correctness of their valuation in the balance sheet.</p> <p>We discussed with management the current status of the projects, related assumptions and estimates, the appropriateness of the valuation and the recognition of the aforementioned expenditures in the financial statements.</p>

Completeness of revenues and their recognition in the correct reporting period	We performed audit procedures consisting of a review of the agreements concluded by the Company, detailed tests on a selected sample of sales documents, in particular from the turn of the year, consisting of verification whether the sales were recognized in the correct reporting period.
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Responsibility of the unit manager and Supervisory Board for the financial statements

The Management Board of QuarticOn Spółka Akcyjna is responsible for preparing, on the basis of properly maintained accounting records, a financial report that presents a reliable and clear picture of the property and financial situation and financial result of QuarticOn Spółka Akcyjna in accordance with the provisions of the Accountancy Act, adopted principles (policy) of accounting and the applicable law and contract of the QuarticOn Spółka Akcyjna, as well as internal control, which the Management Board deems necessary to enable the preparation of financial statements without a significant distortion caused by fraud or error.

When preparing the financial statements, the Management Board of QuarticOn Spółka Akcyjna is responsible for assessing the Company's ability to continue as a going concern, disclosing, if applicable, matters related to going concern and adopting the principle of going concern as an accounting basis, except when the Management Board intends to liquidate the company: either cease to operate or there is no real alternative to liquidation or discontinuation of activity.

The Management Board and Supervisory Board of QuarticOn Spółka Akcyjna is obliged to ensure that the financial statements meet the requirements provided for in the Accountancy Act.

The members of the Supervisory Board are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibility for auditing the financial statements

Our goals are to obtain reasonable assurance that the financial statements as a whole do not contain any material misstatement due to fraud or error and to issue a report containing our opinion. Reasonable assurance is a high level of certainty, but it does not guarantee that an audit, conducted in accordance with the KSB, will always detect the existing significant distortion. Distortions may arise as a result of fraud or error and are

considered material if it can reasonably be expected that, individually or in aggregate, they could influence the users' economic decisions taken on the basis of these financial statements.

The scope of the audit does not include assurance as to the future profitability of the Company or the effectiveness or efficiency of conducting its affairs by the Company's Management Board currently or in the future.

During an audit in accordance with the KSB, we apply professional judgment and maintain professional skepticism, as well as:

- we identify and assess the risks of material misstatement of the financial statements due to fraud or error, design and conduct audit procedures that address these risks, and obtain audit evidence that are adequate and appropriate to provide a basis for our opinion. The risk of not recognizing a significant misstatement due to fraud is greater than that resulting from the error, as the fraud may involve collusion, falsification, intentional omissions, misrepresentation or circumvention of internal control;
- we gain an understanding of the internal control appropriate to design audit procedures that are appropriate in the circumstances, but not to express an opinion on the effectiveness of the Company's internal control;
- we assess the appropriateness of the accounting principles (policy) used and the reasonableness of accounting estimates and related disclosures made by the Management Board of the Company;
- we draw a conclusion on the appropriateness of the Company's Management's application of the going concern principle as an accounting basis and, based on the audit evidence obtained, whether there is significant uncertainty related to events or conditions that may significantly doubt the Company's ability to continue as a going concern. If we conclude that there is significant uncertainty, we require that we draw attention in our auditor's report to related disclosures in the financial statements or, if such disclosures are inadequate, we modify our opinion. Our applications are based on audit evidence obtained up to the date of our report of the certified auditor, however future events or conditions may cause the Company to cease its operations;
- we assess the overall presentation, structure and content of the financial statements, including disclosure, and whether the financial statements present the underlying transactions and events in a manner that ensures a fair presentation.

We provide the Supervisory Board with information about, among other things, the planned scope and timing of the audit and significant findings of the audit, including any significant internal control weaknesses that we identify during the audit.

Other information, including an Activity report

Other information consists of the Company's Managements Board report for the fiscal year ended December 31, 2022. ("Report on Operations")

Responsibility of the Management Board and Supervisory Board

The Management Board of the Company is responsible for preparing the Report on Operations in accordance with the provisions of law.

The Company's Management Board and the members of the Supervisory Board are required to ensure that the Directors' Report meets the requirements of the Accountancy Act.

Auditor's responsibility

Our audit opinion on the financial statements does not include the Report on Operations. In connection with an audit of the financial statements, our responsibility is to read the Report on Operations and, in doing so, to consider whether it is materially inconsistent with the financial statements or our knowledge obtained during the audit or otherwise appears materially misstated. If, based on the work performed, we conclude that the Report on Operations is materially misstated, we are required to report that fact in our audit report. Our responsibility under the Auditors' Act is also to express an opinion on whether the management report has been prepared in accordance with the regulations and is consistent with the financial statements.

Opinion on the Report on Operations

Based on the work performed in the course of our audit, in our opinion, the Report on Operations of the Company:

- has been prepared in accordance with Article 49 of the Accountancy Act;
- is consistent with the information contained in the financial statements.

In addition, in light of our knowledge of the Company and its environment obtained during our audit, we report that we have not identified material misstatements in the Report on Operations.

The key certified auditor responsible for the audit, which results in the present report of the independent statutory auditor, is:

Daniel Mach,
Nr ewid. 12040

Kluczowy biegły rewident,
przeprowadzający badanie w imieniu:

BGGM Audyt Sp. z o.o.
Nr ewid. 3489

Warsaw