

UPDATE OF THE COMPANY'S STRATEGY

Formation of the Company

Goal: We want to be a company that provides unique AI-based services for the e-commerce industry, in particular the fashion sector, and at the same time uses AI to automate the company's operations.

In the first quarter of 2024, the Company began the transformation of the organization to a new business model, based on a new sales philosophy and completely new products. Changes in the Company concern all its areas: starting from costs, through personnel changes, a new sales model, as well as a change of the brand and, ultimately, the name of the Company. The foundation of the transformation is a range of innovative products based on algorithms based on artificial intelligence (AI), dedicated to the fashion e-commerce sector and, in the future, a mobile application. Current products will remain on offer, but will mainly be used as an upsell proposition to new customers in the fashion industry. One of the Company's goals is to use available AI-based tools to support marketing and sales processes, which, when automating products, should have a positive impact on sales growth while maintaining costs at a relatively stable level.

Improving financial results

The basis for the change in the Company's finances, which will lead to a significant improvement in the financial situation, are the following activities already carried out:

- cost reduction, the effects of which will be visible in the first quarter of 2024. This applies to both personnel and administrative costs. Specialist services will be purchased in project models and settled for results. This includes, among others: the process of obtaining sales leads (instead of employing permanent collaborators as currently).
- transferring the costs of solution integration to the customers' side by providing API (Application Programming Interface). This method of integration is required by large online stores.
- change in the sales model of new products: sales in the SaaS model on markets throughout Europe. This means implementing automatic account registration and activation processes, automated and quick implementation at the customer, and a price at a level that does not require a long approval path. Additional dependence of the price on the growth of the scale of a given client, e.g. the fee will take into account the traffic on the client's website, the size of the product base, and the need for more advanced functions. This will enable to automatically increase customer value over time.
- intensification of the search for external financing (issuance of shares, loans), the trigger for which will be a change in the company's model and the restructuring of existing debt (the debt aspect was always raised during talks with potential investors).

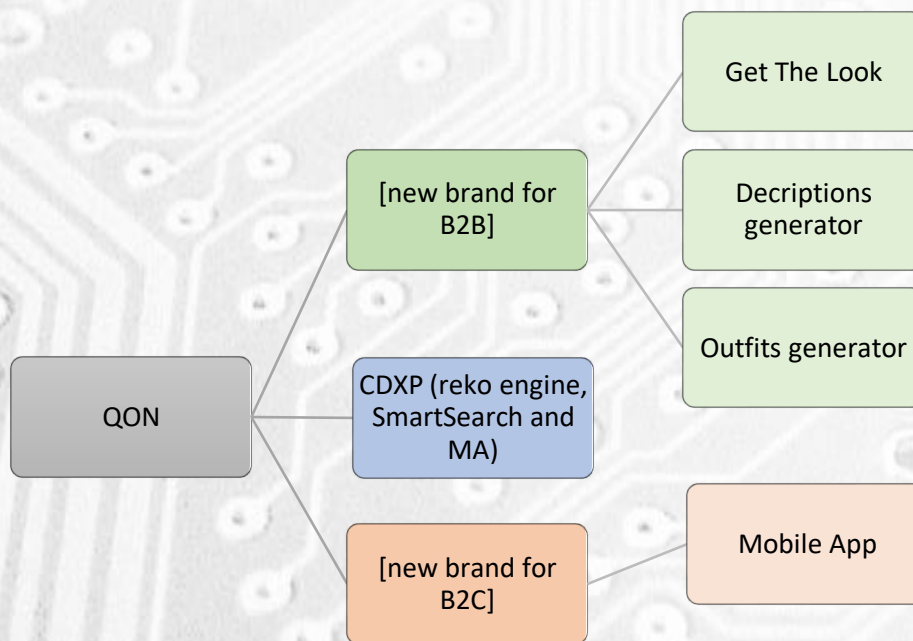
Product and sales automation

Automation of products implementation processes will allow to scale sales using automatic marketing activities, i.e. automatic e-mail prospecting, content marketing carried out with the support of AI. This model assumes scalability through automation of activities, and not by increasing expenditure on the Company's team. Selected activities in this area:

- Automation of customer service processes using tools using AI, such as chat bots and voice bots, and automation of product implementations.
- preparing a product development plan with new functions based on customer feedback. Collaboration at the early stage with large brands to define the core values of the product.

Product range

The Company's offer is currently based on two product groups: CDXP and AI Fashion Stylist. The latter one are the result of a two-year R&D project, co-financed by EU funds, and its implementation involved experts in artificial intelligence, fashion and scientists from Polish technical universities. These are completely new tools that support sales and reduce costs in online stores, of which there are still few on the market. The third pillar will be a mobile application, offering a B2C version of the AI Fashion Stylist. For the Company, the direct consumer market is an area in which the company has not gained experience so far. For this reason, we are currently looking for a business partner who will support with his experience the preparation of a commercial version of this product, as well as an optimal model for financing this work. The commencement of this work depends on the results of talks with potential partners, but the Company assumes that it will take place in 2024.



The new solutions have no geographical limitations (algorithms operate on images and style composition principles), and their implementation process for clients is relatively short. This creates a strong competitive advantage for the Company on the market. Current talks with customers show great interest in these products, both from small companies and large clothing groups. Currently, the Company has implemented its solution on a pilot basis with three smaller clients and is testing the possibilities of implementing AI Fashion Stylist with other potential clients, including clothing market leaders.

Target markets

The company assumes organic development in Europe, starting from Poland and selected CEE countries, adding 1-2 Western European countries each year. However, the dynamics of development in new markets depends on obtaining financing for tools supporting sales scaling.