

Current report ESPI No. 2/2024

Date of Preparation: 2024-02-13

Short Name of Issuer: QUARTICON S.A.

Subject: Update of the Company's strategy - declassification of delayed confidential information.

Content of report:

In reference to the current ESPI report 1/2024 regarding the completion of the research and development project "AI Fashion Stylist," the Management Board of QuarticOn S.A. ["Company", "Issuer"] as a result of this disclose to the public the content of the delayed confidential information regarding the update of the Issuer's strategy.

The Issuer delayed the disclosure of information regarding the decision made on 9th January 2024 to update the Company's strategy, which includes the transformation of the current concept of the Company's business model, among other things, through the restructuring of the existing debt by entering into an arrangement with creditors [so-called PZU].

The updated strategy foresees that the Company will provide unique AI-based services [Artificial Intelligence] for the e-commerce industry, particularly the fashion sector, while simultaneously using AI tools to automate the Company's operational activities, including sales and marketing. Although the AI Fashion Stylist project has been underway for two years, the new strategy adopted at the finalization stage of mentioned project, tailored to its potential, anticipates that it will become the leading product in the Company's portfolio and simultaneously the primary driver of revenue generation shortly. The realization of this goal requires, among other things, a shift of human resources to this area and securing financing. This financing is essential for the implementation of new sales-scaling tools and the initiation of supporting marketing activities. On the other hand, obtaining such financing without securing the risk arising from the Company's debt is, in the opinion of the Management Board, not very realistic. Therefore, a safe restructuring of the Company's current obligations is a significant part of the changes in the Company, without which the transformation of the business model would not be successful, and the potential of the AI Fashion Stylist could not be utilized.

The key assumptions of the updated strategy are provided in the attachment.

The Issuer communicates the above information to the public in connection with the cessation of the conditions referred to in Article 17(4)(c) of the MAR regulation, which, in the Company's opinion, no longer exist in connection with the submission today to the competent court of a request to initiate simplified proceedings for an arrangement [arrangement proceedings].

Also today, the arrangement supervisor announced in the National Debt Register that the arrangement date will be February 13, 2024. After the announcement of the arrangement date, the Company will proceed to prepare arrangement proposals for the creditors.

As part of the restructuring proceedings, the Company plans to write off all interest for late repayment of creditors, divide creditors into groups and partially reduce debt within groups of creditors. The Company intends that the arrangement is to cover all the Company's creditors, excluding receivables excluded from the arrangement by operation of law [Art. 151 restructuring law].

In the opinion of the Management Board, the high level of liabilities is one of the biggest threats to implementing the Company's transformation plan into a modern entity with stable foundations. The initiated restructuring proceedings pave the way for negotiating satisfactory solutions for all parties and adopting an arrangement, thereby significantly increasing the chance of implementing new elements of the strategy and the success of the entire transformation process of the Company,

reducing the risks arising from the current level of liabilities and reducing investment risk for current and future investors.

The fundamental changes in the Company's finances that will lead to a significant improvement in the situation and provide funds for the execution of the adopted and approved arrangement include actions already underway to reduce costs (including changes in processes and their automation), implemented changes in the sales model (automation of deployments, full SaaS), and a tailored offer with new products. The Company's Management Board assumes that favourable changes in the business operating model, which will be reflected in the financial results, will allow for quick and effective negotiations with all creditors and will end with the acceptance of the arrangement and the submission of an application for its approval by the court within the required timeframe under the - Restructuring Law-.

Regarding subsequent significant events related to the implementation of updated strategic objectives and the course of the arrangement proceedings, the Company will inform in the manner of the appropriate reports.