

Kraków, 20 April 2018

Letter of the President of the Management Board

Dear Sirs,

On behalf of the Management Board of Quantum software S.A. I present to you the report summarising the activity of the Group in 2017.

In 2017, we continued the previous years' strategy of delivering an extended offer of products and maintaining a presence on foreign markets. As planned, our income from sales and implementation of multi-module (not only warehouse) solutions of the Qguar suite are growing. The module for supervising production processes (Qguar MES) and the related module for advanced production planning (Qguar APS (*Advanced Planning and Scheduling*)) are particularly promising. An increasing degree of automation of production and logistic processes, resulting among other from high labour costs translates into an increased demand for dedicated and proven IT solutions. Also in the "traditional" warehouse sector, we observe higher demand for modern technologies, such as *pick by voice* – operations handled with voice-controlled terminals.

Last year, we sold our stake in Edisona, recognising that it is necessary to focus on our core business, i.e. the supply chain management, which, in the face of the above-mentioned development of technology, requires a constant improvement and broadening of our offer. Contrary to earlier concerns, 2017 was much better than the previous year for the Ukrainian company of the Quantum Group. Its income increased almost twice as compared to 2016 and was higher than in the years before the political crisis of 2014.

For the entire Group, the previous year brought a continuation of income growth to above 30 million PLN, whereas in the area of licences and services related to the Qguar suite it was over 20 million PLN, which represents a 14% increase compared to 2016. In terms of profitability, we recorded the net profit of 2,066,000 PLN (an increase by 11.8% compared to last year).

Our main operating objective for the current year is to maintain our profitability and still grow sales income, in particular from licences and services related to our own products.

Yours faithfully,

Tomasz Hatala

President of Management Board