



Quantum software S.A.

Semi-annual report of Quantum Software S.A. Capital Group
for H1, 2019

Kraków, 16 September 2019

The document contains the following:

- I. Selected financial data of the consolidated and stand-alone financial statements for H1, 2019 and for H1, 2018.
- II. Semi-annual condensed consolidated financial statements:
 - Consolidated statement of financial position
 - Consolidated statement of comprehensive income
 - Consolidated statement of changes in equity
 - Consolidated cash flow statement
 - Selected consolidated notes
- III. The Issuer's semi-annual condensed financial statements:
 - Statement of financial position
 - Statement of comprehensive income
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- V. The Management Board's statement on the preparation of the financial statements.

Attachments:

1. Auditing firm's report on the review of the Insurer's interim condensed consolidated financial statements.
2. Auditing firm's report on the review of interim condensed consolidated financial statements.

I. Selected financial data including basic items of the semi-annual consolidated financial statements (also translated into EUR)

| | in thousand PLN | | in thousand EUR | |
|---|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| | period from | period from | period from | period from |
| | 01/01/2019 to 30/06/2019 | 01/01/2018 to 30/06/2018 | 01/01/2019 to 30/06/2019 | 01/01/2018 to 30/06/2018 |
| Statement of comprehensive income | | | | |
| Net revenues from the sale of products, goods and materials | 16,039 | 13,402 | 3,740 | 3,161 |
| Profit (loss) on operating activities | 1,453 | 1,044 | 339 | 246 |
| Gross profit (loss) | 1,397 | 832 | 326 | 196 |
| Net profit (loss) | 1,105 | 532 | 258 | 125 |
| | | | | |
| Cash flow statement | in thousand PLN | | in thousand EUR | |
| | period from | period from | period from | period from |
| | 01/01/2019 to 30/06/2019 | 01/01/2018 to 30/06/2018 | 01/01/2019 to 30/06/2019 | 01/01/2018 to 30/06/2018 |
| Net cash flows from operating activities | 1,572 | 666 | 367 | 157 |
| Net cash flows from investing activities | -86 | -40 | -20 | -9 |
| Net cash flows from financing activities | -219 | -210 | -51 | -50 |
| Total net cash flows | 1,267 | 416 | 295 | 98 |
| | | | | |
| Statement of financial position | in thousand PLN | | in thousand EUR | |
| | period from | period from | period from | period from |
| | 01/01/2019 to 30/06/2019 | 01/01/2018 to 31/12/2018 | 01/01/2019 to 30/06/2019 | 01/01/2018 to 31/12/2018 |
| Total assets | 19,745 | 17,464 | 4,644 | 4,061 |
| Liabilities and provisions for liabilities, of which: | 8,953 | 4,962 | 2,106 | 1,154 |
| Non-current liabilities | 793 | 809 | 187 | 188 |
| Current liabilities | 8,160 | 4,153 | 1,919 | 966 |
| Equity capital | 10,792 | 12,502 | 2,538 | 2,907 |
| Share capital | 657 | 657 | 155 | 153 |
| Number of shares | 1,314,870 | 1,314,870 | 1,314,870 | 1,314,870 |
| Diluted number of shares | 1,314,870 | 1,314,870 | 1,314,870 | 1,314,870 |
| Earnings (loss) per ordinary share (in PLN/EUR) | 0.84 | 0.40 | 0.20 | 0.10 |
| Diluted earnings (loss) per ordinary share (in PLN/EUR) | 0.84 | 0.40 | 0.20 | 0.10 |

| | | | | |
|--|------|------|------|------|
| Book value per share (in PLN/EUR) | 8.21 | 9.51 | 1.93 | 2.21 |
| Diluted book value per share (in PLN/EUR) | 8.21 | 9.51 | 1.93 | 2.21 |
| Declared or paid dividend per share (in PLN / EUR) | - | - | - | - |

Principles for translating basic items of the semi-annual consolidated financial statements into the euro.

Translations of selected financial data into the euro in the statement of comprehensive income and in the cash flow statement use the arithmetic mean calculated based on the average exchange rates of the National Bank of Poland (NBP) applicable on the last day of each month in a given period:

Arithmetic mean in the period from 01/01/2019 to 30/06/2019: PLN 4.2880

Arithmetic mean in the period from 01/01/2018 to 30/06/2018: PLN 4.2395

Translations of selected financial data into the euro in the statement of financial position use the average exchange rate of the National Bank of Poland (NBP) applicable on the statement day.

H1, 2019: PLN 4.2520

31/12/2018: PLN 4.3000

| average PLN to EUR exchange rates in the period covered by the statements | | |
|--|--|---|
| Period | average exchange rate in the period | exchange rate as of the last day of the period |
| 2019 | 4.2880 | 4.2520 |
| 2018 | 4.2395 | 4.3000 |

Selected financial data, including basic items of the semi-annual stand-alone financial statements (also translated into the euro)

| Statement of comprehensive income | in thousand PLN | | in thousand EUR | |
|---|--------------------------|--------------------------|--------------------------|--------------------------|
| | period from | period from | period from | period from |
| | 01/01/2019 to 30/06/2019 | 01/01/2018 to 30/06/2018 | 01/01/2019 to 30/06/2019 | 01/01/2018 to 30/06/2018 |
| Net revenues from the sale of products, goods and materials | 653 | 636 | 152 | 150 |
| Profit (loss) on operating activities | 139 | 67 | 32 | 16 |
| Gross profit (loss) | 155 | 95 | 36 | 22 |
| Net profit (loss) | 139 | 75 | 32 | 18 |
| Cash flow statement | in thousand PLN | | in thousand EUR | |
| | period from | period from | period from | period from |
| | 01/01/2019 to 30/06/2019 | 01/01/2018 to 30/06/2018 | 01/01/2019 to 30/06/2019 | 01/01/2018 to 30/06/2018 |
| Net cash flows from operating activities | -73 | -1 | -17 | 0 |
| Net cash flows from investing activities | 5 | -194 | 1 | -46 |
| Net cash flows from financing activities | - | -14 | - | -3 |
| Total net cash flows | -68 | -209 | -16 | -49 |
| Statement of financial position | in thousand PLN | | in thousand EUR | |
| | period from | period from | period from | period from |
| | 01/01/2019 to 30/06/2019 | 01/01/2018 to 31/12/2018 | 01/01/2019 to 30/06/2019 | 01/01/2018 to 31/12/2018 |
| Total assets | 11,526 | 11,454 | 2,711 | 2,664 |
| Liabilities and provisions for liabilities, of which: | 1,123 | 96 | 264 | 22 |
| Non-current liabilities | 4 | 2 | 1 | 0 |
| Current liabilities | 1,119 | 94 | 263 | 22 |
| Equity capital | 10,403 | 11,358 | 2,447 | 2,641 |
| Share capital | 657 | 657 | 155 | 153 |
| Number of shares | 1,314,870 | 1,314,870 | 1,314,870 | 1,314,870 |
| Diluted number of shares | 1,314,870 | 1,314,870 | 1,314,870 | 1,314,870 |
| Earnings (loss) per ordinary share (in PLN/EUR) | 0.11 | 0.06 | 0.02 | 0.01 |
| Diluted earnings (loss) per ordinary share (in PLN/EUR) | 0.11 | 0.06 | 0.02 | 0.01 |

| | | | | |
|--|------|------|------|------|
| Book value per share (in PLN/EUR) | 7.91 | 8.64 | 1.86 | 2.01 |
| Diluted book value per share (in PLN/EUR) | 7.91 | 8.64 | 1.86 | 2.01 |
| Declared or paid dividend per share (in PLN / EUR) | - | - | - | - |

Principles for translating basic items of the semi-annual stand-alone financial statements into the euro.

Translations of selected financial data into the euro in the statement of comprehensive income and in the cash flow statement use the arithmetic mean calculated based on the average exchange rates of the National Bank of Poland (NBP) applicable on the last day of each month in a given period:

Arithmetic mean in the period from 01/01/2019 to 30/06/2019: PLN 4.2880

Arithmetic mean in the period from 01/01/2018 to 30/06/2018: PLN 4.2395

Translations of selected financial data into the euro in the statement of financial position use the average exchange rate of the National Bank of Poland (NBP) applicable on the statement day.

H1, 2019: PLN 4.2520

31/12/2018: PLN 4.3000

| average PLN to EUR exchange rates in the period covered by the statements | | |
|--|--|---|
| Period | average exchange rate in the period | exchange rate as of the last day of the period |
| 2019 | 4.2880 | 4.2520 |
| 2018 | 4.2395 | 4.3000 |

II. Semi-annual condensed consolidated financial statements

| Consolidated statement of financial position | Note | 30/06/2019 | 31/12/2018 |
|--|-------------|-------------------|-------------------|
| ASSETS | | | |
| Non-current assets | | 2,631 | 2,695 |
| Property, plant and equipment | 1 | 1,835 | 1,776 |
| Investment property | | - | - |
| Biological assets | | - | - |
| Goodwill of subordinates | 2 | 530 | 530 |
| Intangible assets | 3 | 51 | 48 |
| Investments in associates measured with the equity method | 4 | - | 4 |
| Financial assets available for sale | | - | - |
| Borrowings granted | 5 | 53 | 187 |
| Other financial assets | | - | - |
| Deferred income tax assets | | 162 | 150 |
| Other non-current receivables and prepayments | 6 | - | - |
| Current assets | | 17,114 | 14,769 |
| Inventory | 7 | 25 | 54 |
| Trade receivables | 8 | 6,621 | 5,648 |
| Other current receivables and prepayments | 6 | 853 | 898 |
| Income tax receivables | | 68 | - |
| Financial assets measured at fair value through the financial result | | - | - |
| Financial assets available for sale | | - | - |
| Borrowings granted | 5 | 109 | 94 |
| Other financial assets | | 3,310 | 3,248 |
| FX futures | | - | - |
| Cash and cash equivalents | 10 | 6,128 | 4,827 |
| Non-current assets classified as held for sale | | - | - |
| TOTAL ASSETS | | 19,745 | 17,464 |
| EQUITY & LIABILITIES | | | |
| Equity capital | | 10,792 | 12,502 |
| Equity capital attributable to the shareholders of the parent company | | 10,881 | 12,611 |
| Initial capital | 11 | 657 | 657 |
| Share premium | 14 | 9,518 | 8,158 |
| Equity shares | 13 | -13 | -13 |
| Reserve and supplementary capitals | | - | 74 |
| Revaluation reserve | | - | - |

| | | | |
|---|----|---------------|---------------|
| Amounts recognised directly in equity and related to assets classified as held for sale | | - | - |
| Foreign exchange differences from translation | | -34 | -12 |
| Profit/loss on the sale of a subsidiary | | - | - |
| Advances paid on dividends | | - | - |
| Profit/loss from previous years | | -325 | 2,105 |
| Profit/loss from the current year | | 1,078 | 1,642 |
| Non-controlling interests | | -89 | -109 |
| LIABILITIES | | 8,953 | 4,962 |
| Non-current liabilities | | 793 | 809 |
| Provisions | 17 | 282 | 282 |
| Deferred income tax provisions | | 179 | 183 |
| Long-term bank loans and borrowings | 18 | - | - |
| Other non-current financial liabilities | 19 | 332 | 344 |
| Other non-current liabilities and accruals | 21 | - | - |
| Current liabilities | | 8,160 | 4,153 |
| Provisions | 17 | 512 | 512 |
| Short-term bank loans and borrowings | 18 | - | - |
| Short-term portion of long-term bank loans and borrowings | 18 | - | - |
| Other current financial liabilities | 19 | 274 | 243 |
| Trade liabilities | 20 | 3,914 | 2,365 |
| Other current liabilities and accruals | 21 | 3,460 | 976 |
| Income tax liabilities | | - | 57 |
| FX futures | | - | - |
| Liabilities related to non-current assets classified as held for sale | | - | - |
| TOTAL EQUITY & LIABILITIES | | 19,745 | 17,464 |

| Consolidated income statement (by function) | Note | 30/06/2019 | 30/06/2018 |
|---|-------------|-------------------|-------------------|
| Continued operations | | | |
| Revenues from the sale of products, goods and materials | 22 | 16,039 | 13,402 |
| Costs of products, goods and materials sold | 23 | 11,662 | 9,317 |
| Movement in products – subsidy received for intangible assets and fixed assets | | - | - |
| Gross profit/loss on sales | | 4,377 | 4,085 |
| Selling costs | 23 | 1,236 | 1,395 |
| General and administrative expenses | 23 | 1,732 | 1,756 |
| Profit / loss on sales | | 1,409 | 934 |
| Other operating revenues | 24 | 63 | 129 |
| Other operating expenses | 24 | 19 | 19 |
| Profit (loss) on operating activities | | 1,453 | 1,044 |
| Financial revenues | 25 | 82 | 64 |
| Financial expenses | 25 | 138 | 276 |
| Share in profit/loss of associates | | - | - |
| Profit/loss on the sale of shares in an associate | | - | - |
| Gross profit/loss | | 1,397 | 832 |
| Income tax | | 292 | 300 |
| Net profit/loss on continued operations | | 1,105 | 532 |
| Discontinued operations | | | |
| Profit/loss on discontinued operations for the financial year | | - | - |
| Net profit/loss for the reporting period | | 1,105 | 532 |
| Net profit/loss attributable to: | | 1,105 | 532 |
| <i>Shareholders of the parent company</i> | | 1,078 | 589 |
| <i>Non-controlling interests</i> | | 27 | -57 |
| Other comprehensive income | | -30 | 179 |
| Gains/losses on revaluation of property, plant and equipment | | - | - |
| Gains/losses on measurement of investments available for sale charged to the equity capital | | - | - |
| Gains/losses on cash flow hedges (effective portion) | | - | - |
| Foreign exchange differences from measurement of foreign operations | | -30 | 179 |
| Income tax related to items presented in other comprehensive income | | - | - |
| Acquisition of capital from non-controlling interests | | - | - |
| Total comprehensive income | | 1,075 | 711 |
| Comprehensive income attributable to: | | 1,075 | 711 |
| <i>Shareholders of the parent company</i> | | 1,056 | 738 |

| | | | |
|---|-----------|------|------|
| <i>Non-controlling interests</i> | | 19 | -27 |
| Earnings/loss per share in PLN: | | - | - |
| On continued operations | 26 | - | - |
| <i>Basic</i> | 26 | 0.84 | 0.36 |
| <i>Diluted</i> | 26 | 0.84 | 0.36 |
| On continued and discontinued operations | 26 | - | - |
| <i>Basic</i> | 26 | 0.84 | 0.36 |
| <i>Diluted</i> | 26 | 0.84 | 0.36 |

Consolidated statement of changes in equity

| for the period | Equity capital attributable to the shareholders of the parent company | | | | | | | | | | Non-controlling interests | Total equity capital |
|---|---|---------------|---------------|------------------------------------|---------------------|---|---|---|--|--------|---------------------------|----------------------|
| 30 June 2019 | Initial capital | Share premium | Equity shares | Reserve and supplementary capitals | Revaluation reserve | Amounts recognised directly in equity and related to assets classified as held for sale | Foreign exchange differences from translation | Profit/loss on the sale of a subsidiary | Profit/loss from previous years and for the current year | Total | | |
| Opening balance before restatement | 657 | 8,158 | -13 | 74 | - | - | -12 | - | 3,747 | 12,611 | -109 | 12,502 |
| Changes in the accounting policy | - | - | - | - | - | - | - | - | - | - | - | - |
| Adjustments for fundamental errors | - | - | - | - | - | - | - | - | - | - | - | - |
| Opening balance after adjustments (after restatement) | 657 | 8,158 | -13 | 74 | - | - | -12 | - | 3,747 | 12,611 | -109 | 12,502 |
| Total comprehensive income | - | - | - | - | - | - | -22 | - | 1,078 | 1,056 | 19 | 1,075 |
| Gains/losses on revaluation of property, plant and equipment | - | - | - | - | - | - | - | - | - | - | - | - |
| Gains/losses on measurement of investments available for sale charged to the equity capital | - | - | - | - | - | - | - | - | - | - | - | - |
| Gains/losses on cash flow hedges (effective portion) | - | - | - | - | - | - | - | - | - | - | - | - |
| Foreign exchange differences from measurement of | - | - | - | - | - | - | -22 | - | - | -22 | -9 | -31 |

| | | | | | | | | | | | | | |
|---|------------|--------------|------------|------------|---|---|------------|---------------|---------------|------------|---------------|---|---|
| foreign operations | | | | | | | | | | | | | |
| Income tax related to items presented in other comprehensive income | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Total revenues and costs for the financial year recognised directly in the equity capital | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Profit/loss for the financial year | - | - | - | - | - | - | - | 1,078 | 1,078 | 28 | 1,106 | | |
| Other changes in the equity capital | - | 1,360 | - | -74 | - | - | - | -4,072 | -2,786 | 1 | -2,785 | | |
| Issue of share capital | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Redemption of equity shares | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Dividends | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Distribution of the financial result | - | 1,089 | - | -74 | - | - | - | -3,766 | -2,751 | - | -2,751 | | |
| Acquisition of equity shares | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Sale of equity shares | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Acquisition of shares in a subsidiary | - | - | - | - | - | - | - | - | - | 1 | 1 | | |
| Reclassification between the supplementary capital and the result from previous years | - | 271 | - | - | - | - | - | -271 | - | - | - | - | - |
| Adjustment of the result from previous years | - | - | - | - | - | - | - | -35 | -35 | - | -35 | | |
| Profit/loss on the sale of a subsidiary | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Closing balance | 657 | 9,518 | -13 | - | - | - | -34 | 753 | 10,881 | -89 | 10,792 | | |

| For the period | Equity capital attributable to the shareholders of the parent company | | | | | | | | | | Non-controlling interests | Total equity capital |
|---|---|---------------|---------------|------------------------------------|---------------------|---|---|---|--|--------|---------------------------|----------------------|
| | Initial capital | Share premium | Equity shares | Reserve and supplementary capitals | Revaluation reserve | Amounts recognised directly in equity and related to assets classified as held for sale | Foreign exchange differences from translation | Profit/loss on the sale of a subsidiary | Profit/loss from previous years and for the current year | Total | | |
| 31 December 2018 | | | | | | | | | | | | |
| Opening balance before restatement | 657 | 8,227 | -102 | 78 | - | - | -139 | - | 5,439 | 14,160 | -160 | 14,000 |
| Changes in the accounting policy | - | - | - | - | - | - | - | - | - | - | - | - |
| Adjustments for fundamental errors | - | - | - | - | - | - | - | - | - | - | - | - |
| Opening balance after adjustments (after restatement) | 657 | 8,227 | -102 | 78 | - | - | -139 | - | 5,439 | 14,160 | -160 | 14,000 |
| Total comprehensive income | - | - | - | - | - | - | 127 | - | 1,642 | 1,769 | -23 | 1,746 |
| Gains/losses on revaluation of property, plant and equipment | - | - | - | - | - | - | - | - | - | - | - | - |
| Gains/losses on measurement of investments available for sale charged to the equity capital | - | - | - | - | - | - | - | - | - | - | - | - |
| Gains/losses on cash flow hedges (effective portion) | - | - | - | - | - | - | - | - | - | - | - | - |
| Foreign exchange differences from measurement of | - | - | - | - | - | - | 127 | - | - | 127 | 41 | 168 |

| | | | | | | | | | | | | | |
|---|------------|--------------|------------|-----------|---|---|------------|---|---------------|---------------|-------------|---------------|---|
| foreign operations | | | | | | | | | | | | | |
| Income tax related to items presented in other comprehensive income | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Total revenues and costs for the financial year recognised directly in the equity capital | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Profit/loss for the financial year | - | - | - | - | - | - | - | - | 1,642 | 1,642 | -64 | 1,578 | |
| Other changes in the equity capital | - | -69 | 89 | -4 | - | - | - | - | -3,334 | -3,318 | 74 | -3,244 | |
| Issue of share capital | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Redemption of equity shares | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Dividends | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Distribution of the financial result | - | 12 | - | 18 | - | - | - | - | -2,947 | -2,917 | - | -2,917 | |
| Acquisition of equity shares | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Sale of equity shares | - | -81 | 89 | - | - | - | - | - | - | 8 | - | 8 | |
| Acquisition of shares in a subsidiary | - | - | - | -22 | - | - | - | - | -33 | -55 | 74 | 19 | |
| Holiday provisions from previous years | - | - | - | - | - | - | - | - | -354 | -354 | - | -354 | |
| Profit/loss on the sale of a subsidiary | - | - | - | - | - | - | - | - | - | - | - | - | |
| Closing balance | 657 | 8,158 | -13 | 74 | - | - | -12 | - | 3,747 | 12,611 | -109 | 12,502 | |

| Consolidated cash flow statement (indirect method) | Note | 30/06/2019 | 30/06/2018 |
|---|-------------|-------------------|-------------------|
| Cash flow from operating activities | | | |
| Gross profit/loss | | 1,397 | 832 |
| Adjustments for items: | | 175 | -166 |
| Share in net profit/loss of associates and joint ventures accounted for using the equity method | | - | - |
| Non-controlling interests | | - | - |
| Depreciation | | 308 | 353 |
| Goodwill impairment | | - | - |
| Foreign exchange profits/losses | | -56 | 28 |
| Interest expenses and revenues | | 77 | 81 |
| Dividend revenues | | - | - |
| Profit/loss on investing activities | | -99 | -48 |
| Movement in provisions | | - | - |
| Movement in inventory | | 28 | 650 |
| Movement in receivables and prepayments | | -748 | 18 |
| Movement in liabilities and accruals | | 1,053 | -949 |
| Income tax paid/refunded | | -362 | -311 |
| Other adjustments | | -26 | 12 |
| Net cash flows from operating activities | | 1,572 | 666 |
| Cash flows from investing activities | | | |
| Inflows from the sale of fixed assets and intangible assets | | 63 | 15 |
| Net inflows from the sale of associates and subsidiaries | | - | - |
| Inflows from the sale of financial assets | | - | 39 |
| Inflows relative to interest | | 17 | 19 |
| Inflows relative to dividends | | - | - |
| Repayment of borrowings granted | | 51 | 80 |
| Outflows on the acquisition of property, plant and equipment as well as intangible assets | | 202 | 167 |
| Net outflows on the acquisition of subsidiaries and associates | | - | - |
| Outflows on the acquisition of short-term financial assets | | - | - |
| Borrowings granted | | 15 | 26 |
| Other | | - | - |
| Net cash flows from investing activities | | -86 | -40 |
| Cash flows from financing activities | | | |
| Inflows from loans and borrowings | | - | 9 |
| Net inflows from the issue of shares | | - | - |
| Net inflows from the issue of bonds, bills of exchange and bills | | - | - |
| Repayment of loans and borrowings | | - | 8 |

| | | | |
|--|--|--------------|--------------|
| Payment of financial lease liabilities | | 163 | 99 |
| Dividends paid out to the Company's shareholders | | - | - |
| Dividends paid out to the shareholders holding non-controlling interests | | - | - |
| Acquisition of equity shares | | - | - |
| Interest paid | | 56 | 112 |
| Other | | - | - |
| Net cash flows from financing activities | | -219 | -210 |
| Increase/decrease in cash and cash equivalents | | 1,267 | 416 |
| Opening balance of cash and cash equivalents as well as overdrafts | | 4,827 | 5,956 |
| <i>Foreign exchange gains/losses related to measurement of cash and cash equivalents as well as overdrafts</i> | | 34 | 137 |
| Closing balance of cash and cash equivalents as well as overdrafts | | 6,128 | 6,509 |

Selected consolidated notes

– Notes on the adopted accounting principles (policy):

1. Overview

The parent company of the Capital Group is Quantum software S.A. with its registered office in Kraków at ul. Walerego Sławka 3A. The Company was entered in the Register of Entrepreneurs of the National Court Register Kraków – Śródmieście, 11th Commercial Division on 30 October 2002 under KRS number 0000136768; Polish Classification of Activities (PKD) 62.01Z. Software activities The Company's core business consists in holding activities.

The financial year of the Group's companies corresponds to the calendar year.

2. Approval of the financial statements

The financial statements were adopted and approved for publication by the Management Board on 16 September 2019.

3. Basic principles of preparing financial statements

The accounting principles adopted for preparing these condensed semi-annual consolidated financial statements are described below. These principles were applied in all of the reporting periods presented.

The condensed interim consolidated financial statements (the "interim consolidated financial statements") were prepared in compliance with International Accounting Standard ("IAS") 34 - Interim Financial Reporting ("IAS 34") and in compliance with the applicable accounting standards pertaining to interim financial reporting as adopted by the European Union, published and effective at the time of preparing the interim consolidated financial statements.

Data included in the report were prepared in line with the principles for measurement of assets and equity & liabilities and measurement of the net financial result specified as of the balance sheet date, in line with the materiality principle. The condensed interim consolidated financial statements for H1, 2019 were prepared on the assumption that the Company would continue as a going concern

The financial statements contain financial data for H1, 2019 and comparable financial data as of 31/12/2018 and 30/06/2018.

The interim consolidated financial statements for H1, 2019 were prepared in the Polish zloty with figures rounded to full thousand.

Accounting records follow the historical cost method. The Issuer did not make any adjustments that would reflect the influence of inflation on the individual items of the balance sheet or of the income statement. The Issuer prepares the income statement in the by-function format. The cash flow statement is prepared based on the indirect method.

Accounting principles

Unless stated otherwise, the financial statements were prepared in thousands of PLN, on the basis of entries made in the Company's books of account kept in accordance with the following basic accounting principles:

- 1) reliability,
- 2) correctness,
- 3) continuity,
- 4) completeness,
- 5) comparability,
- 6) revenue and cost matching,
- 7) consistency of accounting principles.

Intangible assets, Property, plant and equipment

Methods for measuring intangible assets as well as property, plant and equipment: intangible assets as well as property, plant and equipment are measured in accordance with the continuity principle, as specified in the International Accounting Standards. However:

- 1) Intangible assets are recognised in the records at the acquisition price thereof, less accumulated depreciation. The Company recognises depreciation write-downs using the straight-line method and adopts the following depreciation periods (periods of use):
 - a) computer software – 2 years
 - b) licences – 2 years
 - c) copyrights – 2 years
 - d) R&D costs – 5 years
 - e) the Company does not hold any intangible assets with an indefinite period of use.
- 2) Fixed assets are measured at their acquisition price or cost of manufacturing, less depreciation write-downs, proportionally to their periods of use. Fixed assets are depreciated throughout their useful economic lives. Fixed assets, despite being used for more than one year, do not include items of low initial unit value up to PLN 3,500.00, except for fixed assets classified under group 4 (machinery and equipment). Costs of purchase of these assets are recognised on a one-off basis as tax deductible expenses in the month when they were purchased or in the immediately following month. These assets are not recognised in the balance sheet. Cars are depreciated for 5 years using the straight-line method on their initial value less their terminal value equal to 20% of the initial value. All equipment classified under group 4, regardless of its initial value, is depreciated using the straight-line method at individual rates determined in accordance with its expected period of use, i.e.:
 - a) desktop computers – 4 years,
 - b) laptops – 3 years,
 - c) servers, printers, projectors, UPS, routers, switch boxes, changers, computer networks – 5 years,
 - d) UPS batteries – 2 years.

The Company verifies the adopted periods of use for intangible assets as well as property, plant and equipment every year.

Financial instruments

Methods of measuring financial instruments: financial instruments are measured in accordance with the continuity principle, in the manner defined in the International Accounting Standards; however:

Receivables are recognised in the books of account as they arise at their nominal value and at the amount due as of the balance sheet date. For marking to market purposes, receivables are reduced by write-downs on doubtful receivables. Receivables denominated in foreign currencies are measured as of the balance sheet date at the average NBP exchange rate, while foreign exchange differences are recognised in financial revenues or costs.

Shares are measured at their acquisition price, less impairment losses.

Financial assets are measured at their acquisition price or market value, whichever is lower. Cash in hand and at bank as well as interest on financial assets calculated on an accrual basis are measured at their nominal value, while cash in foreign currencies – at the bank's buy and sell exchange rates and in the case of balance sheet measurement – at the average NBP exchange rate.

Liabilities are recognised in the books at their nominal value on the day when they arise, and at the payable amount as of the balance sheet date. Liabilities denominated in foreign currencies are measured at the average NBP exchange rates.

Primary types of financial instruments:

- standard financial instruments – commercial receivables and liabilities – measured at the acquisition price (on the basis of Article 29 Subsection (a) of IFRS 7), taking into account impairment losses and allowances for uncollectible receivables (on the basis of Article 58 of IAS 39),
- cash – measured at the acquisition price - on the basis of Article 29 Subsection (a) of IFRS 7,
- borrowings, loans, leases are measured at amortised cost; however, in the opinion of the Management Board the Company presents these items at the acquisition price (at the payable amount) because such measurement does not affect the company's financial situation.

Investments

The Company classifies its investments into the following categories:

- 1) shares in subsidiaries.

Shares in subsidiaries include shares in consolidated companies. Shares in subsidiaries are measured at the acquisition price adjusted for impairment losses. Impairment losses on shares in subsidiaries are recognised in the statement of comprehensive income as financial expenses.

Write-downs on non-current assets

Property, plant and equipment, intangible assets and financial assets are verified in terms of impairment if certain events and changes take place which may cause impairment thereof. Impairment losses are recognised in other operating expenses in the periods in which such losses are incurred.

Inventory

Inventory includes goods measured as of the balance sheet date at the acquisition price, subject to the prudence principle, less write-downs.

Trade and other receivables

Trade receivables are recognised at the amount due, less any impairment losses on doubtful receivables. Impairment losses are estimated on the results of the collectability of receivables when recovery of the full amount ceases to be probable.

Cash and cash equivalents

Cash in the balance sheet includes cash in hand and cash at bank.

Provisions for pensions and similar obligations

The Company establishes provisions for employee benefits. Provisions are measured not less frequently than as of the balance sheet date at reasonable, reliably estimated value. Provisions for employee benefits include retirement benefits. As of the balance sheet date, the Company establishes provisions for the current value of retirement benefits to which employees became entitled by that date, with classification into short-term and long-term provisions, using the actuarial method. These provisions are charged to other operating expenses. Provisions are released at the end of each reporting period at the value of payments made in relation to corresponding liabilities.

Provisions

The Company establishes provisions if, as a result of economic events, certain or highly probable liabilities occur whose value can be credibly determined.

Prepayments and accruals

Prepayments/accruals are recognised in order to preserve the matching of revenues and expenses. They relate both to expenses and revenues.

The Company recognises prepayments, i.e. the costs attributable to the next reporting period.

The Company recognises accruals, i.e. the amount of liabilities attributable to the current period resulting from services rendered to the entity.

Deferred income includes in particular an equivalent of invoiced services that will be performed in subsequent periods.

Revenues from the sale of products, services, materials and goods

Net revenues from sale cover economic benefits from the reporting period in the entity's result in a value which was reliably determined, leading to an increase in equity by increasing the value of assets or decreasing the value of liabilities in a way other than contributing shareholders' funds. In particular, this includes revenues from the sale of products, services, goods and materials.

Revenues comprise the amounts due for sold products and services related to core and auxiliary operations as well as for materials and goods, determined based on their net selling price, adjusted for any rebates and discounts.

Adjustments for revenues from sale are recognised in the period in which they are made.

Other operating revenues

Other operating revenues comprise revenues related to the entity's operating activities. They include:

- 1) profit on fixed assets and intangible assets,
- 2) profit on liquidation of fixed assets,
- 3) compensations received,
- 4) release of provisions which encumbered operating expenses at the moment when they were established,
- 5) written-off, time-barred and cancelled liabilities.

Financial revenues

Revenues from interest charged to counterparties, recognised at the time it is paid by the counterparty.

Revenues from interest on cash at bank are recognised when the bank credits the account.

Operating expenses

Total costs of sales, marketing, administration and management incurred in the reporting period. Value of goods and materials sold in the reporting period at their purchase price.

Other operating expenses

Other operating expenses include expenses related to the entity's operating activities.

They comprise:

- 1) loss on fixed assets and intangible assets,
- 2) fines and compensations paid,
- 3) provisions established,
- 4) costs of court fees.

Financial expenses

Expenses relative to interest paid are recognised directly in the income statement in the period in which they are incurred.

Income tax

Statutory charges on the result comprise:

- 1) corporate income tax (CIT),
- 2) deferred tax.

The current tax liability is calculated on the basis of the tax result (tax base) for a given financial year. The tax profit (loss) differs from the accounting profit (loss) due to the exclusion of non-taxable revenues and expenses. Tax charges to the result are calculated based on the tax rates applicable in a given financial year.

Deferred income tax

The Company establishes deferred income tax provisions and assets in connection with temporary positive differences between the value of assets and liabilities disclosed in the accounting books and their tax value. Deferred income tax assets are recognised if it is probable that taxable income will be generated in the future, which would allow for using temporary differences. Deferred income tax assets are also disclosed with respect to tax losses which may be deducted in the subsequent year, but only when it is probable that taxable income will be generated in the future, which would allow for using these tax losses. The Company does not establish deferred income tax assets if there is any doubt that they will be used in subsequent periods.

Earnings per share

Net earnings per share are calculated by dividing the profit attributable to the shareholders by the weighted average number of ordinary shares.

Foreign currency transactions

Business transactions denominated in foreign currencies resulting in liabilities and receivables are recognised in the books of account at the average rate determined for a given currency by the National Bank of Poland.

As of the balance sheet date receivables and liabilities denominated in foreign currencies are measured at the average rate determined for a given currency by the National Bank of Poland.

Foreign exchange differences relating to settlements denominated in foreign currencies arising at the date of measurement and payment of receivables and liabilities are recognised in financial revenues or expenses.

Lease

Property, plant and equipment used under financial lease contracts which transfer to the Company all the risks and benefits incidental to their ownership are recognised in the Company's balance sheet at the present value of future minimum lease payments. Lease fees are apportioned between the reduction of the outstanding liability and financial expenses and they are posted directly to the financial result.

Notes – selected notes

Note no. 1 – Property, plant and equipment

| PROPERTY, PLANT AND EQUIPMENT | AS OF 30 JUNE 2019 | | | | | |
|--|-------------------------------------|--------------------------|-------------------------|----------|-------|-------|
| | Land and perpetual usufruct of land | Buildings and structures | Machinery and equipment | Vehicles | Other | Total |
| Gross value at the beginning of the period | - | 46 | 2,608 | 2,171 | 90 | 4,915 |
| Increases | - | - | 202 | 183 | 1 | 386 |
| <i>acquisition</i> | - | - | 188 | 183 | 1 | 372 |
| <i>acquisition as a result of the combination of business entities</i> | - | - | - | - | - | - |
| <i>due to revaluation</i> | - | - | - | - | - | - |
| <i>transfer of business</i> | - | - | - | - | - | - |
| <i>other</i> | - | - | 14 | - | - | 14 |
| Decreases | - | - | 15 | 167 | - | 182 |
| <i>disposal</i> | - | - | 3 | 167 | - | 170 |
| <i>due to revaluation</i> | - | - | - | - | - | - |
| <i>due to reclassification to fixed assets held for sale</i> | - | - | - | - | - | - |
| <i>transfer of business</i> | - | - | - | - | - | - |
| <i>other</i> | - | - | 12 | - | - | 12 |
| Allocated to discontinued operations | - | - | - | - | - | - |
| Internal reclassifications (+/-) | - | - | - | - | - | - |
| Gross value at the end of the period | - | 46 | 2,795 | 2,187 | 91 | 5,119 |
| Accumulated depreciation at the beginning of the period | - | 46 | 1,974 | 1,048 | 71 | 3,139 |
| depreciation for the period | - | - | 119 | 166 | 2 | 287 |
| other increases | - | - | 14 | - | - | 14 |
| other increases (acquisition as part of business combinations) | - | - | - | - | - | - |
| sale | - | - | 3 | 141 | - | 144 |

| | | | | | | |
|---|---|----|-------|-------|----|-------|
| decreases | - | - | 11 | - | - | 11 |
| Accumulated depreciation at the end of the period | - | 46 | 2,093 | 1,073 | 73 | 3,285 |
| Impairment loss at the beginning of the period | - | - | - | - | - | - |
| Recognition of impairment loss in the period | - | - | - | - | - | - |
| Reversal of impairment loss in the period | - | - | - | - | - | - |
| Value taking into account accumulated depreciation and impairment loss at the end of the period | - | 46 | 2,093 | 1,073 | 73 | 3,285 |
| Adjustment for net foreign exchange differences on translation | - | - | - | 1 | - | 1 |
| Net value at the end of the period | - | - | 702 | 1,115 | 18 | 1,835 |

| PROPERTY, PLANT AND EQUIPMENT | AS OF 31 DECEMBER 2018 | | | | | |
|--|-------------------------------------|--------------------------|-------------------------|----------|-------|-------|
| | Land and perpetual usufruct of land | Buildings and structures | Machinery and equipment | Vehicles | Other | Total |
| Gross value at the beginning of the period | - | 2 | 1,414 | 1,941 | 55 | 3,412 |
| Increases | - | 44 | 1,618 | 726 | 35 | 2,423 |
| <i>acquisition</i> | - | - | 347 | 658 | 10 | 1,015 |
| <i>acquisition as a result of the combination of business entities</i> | - | - | - | - | - | - |
| <i>due to revaluation</i> | - | - | - | - | - | - |
| <i>transfer of business</i> | - | - | - | - | - | - |
| <i>other</i> | - | 44 | 1,271 | 68 | 25 | 1,408 |
| Decreases | - | - | 424 | 494 | - | 918 |
| <i>disposal</i> | - | - | 424 | 494 | - | 918 |
| <i>due to revaluation</i> | - | - | - | - | - | - |
| <i>due to reclassification to fixed assets held for sale</i> | - | - | - | - | - | - |

| | | | | | | |
|---|---|-----------|--------------|--------------|-----------|--------------|
| <i>transfer of business</i> | - | - | - | - | - | - |
| <i>other – sale of a subsidiary</i> | - | - | - | - | - | - |
| Allocated to discontinued operations | - | - | - | - | - | - |
| Internal reclassifications (+/-) | - | - | - | - | - | - |
| Gross value at the end of the period | - | 46 | 2,608 | 2,173 | 90 | 4,917 |
| Accumulated depreciation at the beginning of the period | - | 2 | 908 | 1,055 | 34 | 1,999 |
| depreciation for the period | - | - | 211 | 289 | 12 | 512 |
| other increases | - | 44 | 1,271 | 68 | 25 | 1,408 |
| other increases (acquisition as part of taking control over an entity) | - | - | - | - | - | - |
| transfer of business | - | - | - | - | - | - |
| decreases in sales | - | - | 416 | 364 | - | 780 |
| Accumulated depreciation at the end of the period | - | 46 | 1,974 | 1,048 | 71 | 3,139 |
| Impairment loss at the beginning of the period | - | - | - | - | - | - |
| Recognition of impairment loss in the period | - | - | - | - | - | - |
| Reversal of impairment loss in the period | - | - | - | - | - | - |
| Value taking into account accumulated depreciation and impairment loss at the end of the period | - | 46 | 1,974 | 1,048 | 71 | 3,139 |
| Adjustment for net foreign exchange differences on translation | - | - | - | -2 | - | -2 |
| Net value at the end of the period | - | - | 634 | 1,123 | 19 | 1,776 |

The Group owns cars classified as property, plant and equipment under lease, with a net value of PLN 810,943.33 as of 31 December 2018 and PLN 858,100.42 as of 30 June 2019. Outlays on property, plant and equipment under construction recognised in the carrying value amount to PLN 0.00 and PLN 0.00 as of 31 December 2018 and as of June 2019.

Note no. 2 – Goodwill of subordinates

| Goodwill of subordinates | 30/06/2019 | 31/12/2018 |
|---|--------------|--------------|
| Gross value at the beginning of the period | 1,447 | 1,447 |
| Increases | - | - |
| Decreases | - | - |
| Gross value at the end of the period | 1,447 | 1,447 |
| Adjustment relative to foreign exchange differences | - | - |
| Other adjustments | - | - |
| Gross value at the end of the period after adjustments | 1,447 | 1,447 |
| Impairment loss at the beginning of the period | 917 | 917 |
| Recognition of impairment loss in the period | - | - |
| Reversal of impairment loss in the period | - | - |
| Impairment loss at the end of the period | 917 | 917 |
| Net value at the end of the period | 530 | 530 |

Note no. 3 – Intangible assets

| INTANGIBLE ASSETS | AS OF 30 JUNE 2019 | | | | |
|--|----------------------|----------------------------|--------------|-------|--------------|
| | Own development work | Intangible assets acquired | | | Total |
| | | Patents and trademarks | Licences | Other | |
| Gross value at the beginning of the period | 5,580 | - | 2,809 | - | 8,389 |
| Increases | - | - | 25 | - | 25 |
| <i>acquisition</i> | - | - | 25 | - | 25 |
| <i>own development work</i> | - | - | - | - | - |
| <i>acquisition as a result of the combination of business entities</i> | - | - | - | - | - |
| <i>due to revaluation</i> | - | - | - | - | - |
| <i>transfer of business</i> | - | - | - | - | - |
| <i>other</i> | - | - | - | - | - |
| Decreases | - | - | - | - | - |
| <i>decommissioning</i> | - | - | - | - | - |
| <i>liquidation</i> | - | - | - | - | - |
| <i>disposal</i> | - | - | - | - | - |

| | | | | | |
|---|--------------|----------|--------------|----------|--------------|
| <i>due to revaluation</i> | - | - | - | - | - |
| <i>due to reclassification to fixed assets held for sale</i> | - | - | - | - | - |
| <i>transfer of business</i> | - | - | - | - | - |
| <i>other</i> | - | - | - | - | - |
| Gross value at the end of the period | 5,580 | - | 2,834 | - | 8,414 |
| Accumulated depreciation at the beginning of the period | 5,580 | - | 2,761 | - | 8,341 |
| <i>depreciation for the period</i> | - | - | 21 | - | 21 |
| <i>other increases</i> | - | - | - | - | - |
| <i>transfer of business</i> | - | - | - | - | - |
| <i>decreases</i> | - | - | - | - | - |
| Accumulated depreciation at the end of the period | 5,580 | - | 2,782 | - | 8,362 |
| Impairment loss at the beginning of the period | - | - | - | - | - |
| Recognition of impairment loss in the period | - | - | - | - | - |
| Reversal of impairment loss in the period | - | - | - | - | - |
| Value taking into account accumulated depreciation and impairment loss at the end of the period | 5,580 | - | 2,783 | - | 8,363 |
| Adjustment for net foreign exchange differences on translation | - | - | - | - | - |
| Net value at the end of the period | - | - | 51 | - | 51 |

| INTANGIBLE ASSETS | AS OF 31 DECEMBER 2018 | | | | |
|---|------------------------|----------------------------|--------------|----------|--------------|
| | Own development work | Intangible assets acquired | | | Total |
| | | Patents and trademarks | Licences | Other | |
| Gross value at the beginning of the period | 1,330 | - | 2,021 | - | 3,351 |
| Increases | 4,250 | - | 788 | - | 5,038 |
| <i>Acquisition</i> | - | - | 12 | - | 12 |

| | | | | | |
|---|--------------|---|--------------|---|--------------|
| <i>own development work</i> | - | - | - | - | - |
| <i>acquisition as a result of taking control over an entity</i> | - | - | - | - | - |
| <i>due to revaluation</i> | - | - | - | - | - |
| <i>transfer of business</i> | - | - | - | - | - |
| <i>other</i> | 4,250 | - | 775 | - | 5,025 |
| Decreases | - | - | - | - | - |
| <i>decommissioning</i> | - | - | - | - | - |
| <i>liquidation</i> | - | - | - | - | - |
| <i>disposal</i> | - | - | - | - | - |
| <i>due to revaluation</i> | - | - | - | - | - |
| <i>due to reclassification to fixed assets held for sale</i> | - | - | - | - | - |
| <i>transfer of business</i> | - | - | - | - | - |
| <i>other</i> | - | - | - | - | - |
| Gross value at the end of the period | 5,580 | - | 2,809 | - | 8,389 |
| Accumulated depreciation at the beginning of the period | 1,300 | - | 1,845 | - | 3,145 |
| <i>depreciation for the period</i> | 30 | - | 141 | - | 171 |
| <i>other increases</i> | 4,250 | - | 775 | - | 5,025 |
| <i>transfer of business</i> | - | - | - | - | - |
| <i>decreases</i> | - | - | - | - | - |
| Accumulated depreciation at the end of the period | 5,580 | - | 2,761 | - | 8,341 |
| Impairment loss at the beginning of the period | - | - | - | - | - |
| Recognition of impairment loss in the period | - | - | - | - | - |
| Reversal of impairment loss in the period | - | - | - | - | - |
| Value taking into account accumulated depreciation and impairment loss at the end of the period | 5,580 | - | 2,761 | - | 8,341 |
| Adjustment for net foreign exchange | - | - | - | - | - |

| | | | | | |
|---|---|---|----|---|----|
| differences on translation | | | | | |
| Net value at the end of the period | - | - | 48 | - | 48 |

The Capital Group does not have any intangible assets with an indefinite period of use.

Note no. 4 – Investments in associates

Condensed financial information in entities measured with the equity method, not adjusted for the Group's share.

| Entity name: | 30/06/2019 | 31/12/2018 |
|--|-------------------|-------------------|
| Share in the associate's balance sheet | - | - |
| Non-current (long-term) assets | - | - |
| Current (short-term) assets | - | - |
| Non-current liabilities | - | - |
| Current liabilities | - | - |
| Net assets | - | - |
| Share in the associate's revenues and financial result | - | - |
| Revenues | - | - |
| Profit/loss | - | - |
| Carrying value of investments in the associate | - | - |

The Issuer does not hold shares in associates that are measured using the equity method.

Note no. 5 – Borrowings granted

| BORROWINGS GRANTED | | | | | | | | |
|---|------------------|---------------|----------------|---------------|------------|--|------------|----------|
| Long-term | Borrowing amount | Interest rate | Repayment date | Balance as of | | Interest accrued from the beginning of the financial year to | | Security |
| | | | | 30/06/2019 | 31/12/2018 | 30/06/2019 | 30/06/2018 | |
| <i>Borrowings granted to related parties</i> | | | | | | | | |
| Quantum Assets sp. z o.o. | 40 | Fixed (7%) | 31/09/2019 | 47 | 46 | 1 | 1 | - |
| <i>Borrowings granted to other entities</i> | | | | | | | | |
| other entities | | - | - | - | 104 | - | 5 | - |
| Employees | 4 | Fixed (7%) | 30/04/2021 | 5 | 37 | 1 | 3 | - |
| TOTAL: | | | | 53 | 187 | 2 | 9 | |

| BORROWINGS GRANTED | | | | | | | | |
|---|------------------|---------------|----------------|---------------|------------|--|------------|----------|
| Short-term | Borrowing amount | Interest rate | Repayment date | Balance as of | | Interest accrued from the beginning of the financial year to | | Security |
| | | | | 30/06/2019 | 31/12/2018 | 30/06/2019 | 30/06/2018 | |
| <i>Borrowings granted to other entities</i> | | | | | | | | |
| other entities | - | - | - | - | - | - | - | - |
| Tomasz Hatala – Member of the parent company’s Management Board | 35 | Fixed (7%) | 05/05/2020 | 46 | - | 2 | - | - |
| Employees | 53 | Fixed (7%) | 30/04/2021 | 63 | 94 | 2 | 1 | - |
| TOTAL: | | | | 109 | 94 | 4 | 1 | |

2019:

- **Borrowings granted to other entities:**

- I. Long-term borrowings granted to other entities – the balance as of 30 June 2019 is PLN 0.00.
- II. Short-term borrowings granted to other entities – the balance as of 30 June 2019 is PLN 0.00.

- **Borrowings granted to employees:**

- I. Long-term borrowings granted to employees – the balance as of 30 June 2019 is PLN 5,214.89.
- II. Short-term borrowings granted to employees – the balance as of 30 June 2019 is PLN 62,893.14.

- **Borrowing granted to the parent company Quantum Assets by a subsidiary:**

Long-term borrowing – the balance as of 30 June 2019 is PLN 47,118.88.

- **Borrowings granted to a member of the Management Board of the parent company by a subsidiary:**

Short-term borrowing – the balance as of 30 June 2019 is PLN 46,189.46.

2018:

- **Borrowings granted to other entities:**

- I. Long-term borrowings granted to other entities – the balance as of 31 December 2018 is PLN 103,795.63.
- II. Short-term borrowings granted to other entities – the balance as of 31 December 2018 is PLN 0.00.

- **Borrowings granted to employees:**

- I. Long-term borrowings granted to employees – the balance as of 31 December 2018 is PLN 37,610.78.
- II. Short-term borrowings granted to employees – the balance as of 31 December 2018 is PLN 94,357.68.

- **Borrowing granted to the parent company Quantum Assets by a subsidiary:**

Long-term borrowing – the balance as of 31 December 2018 is PLN 45,730.39.

- **Borrowings granted to a member of the Management Board of the parent company by a subsidiary:**

Short-term borrowing – the balance as of 31 December 2018 is PLN 0.00.

Note no. 6 – Other receivables and prepayments

| OTHER RECEIVABLES AND PREPAYMENTS | 30/06/2019 | 31/12/2018 |
|---|------------|------------|
| Receivables from subsidiaries: | - | - |
| - non-current portion | - | - |
| - current portion | - | - |
| Receivables from related parties: | - | - |
| - non-current portion | - | - |
| - current portion | - | - |
| Advance payments: | 347 | 330 |
| - non-current portion | - | - |
| - current portion | 347 | 330 |
| Other receivables: | 319 | 438 |
| - non-current portion | - | - |
| - current portion | 319 | 438 |
| Prepayments: | 187 | 130 |
| - non-current portion | - | - |
| - current portion | 187 | 130 |
| Impairment losses at the beginning of the period | - | - |
| Recognition of impairment losses in the period | - | - |
| Reversal of impairment loss in the period | - | - |
| Impairment losses at the end of the period | - | - |
| TOTAL | 853 | 898 |

Other receivables comprise:

| | | |
|---|------------|------------|
| - due to taxes, customs duty, insurance and other benefits | - | 17 |
| - security deposits paid | 42 | 42 |
| - payroll settlements | - | - |
| - other employee settlements | - | 6 |
| - input VAT to be settled in future periods | 53 | 64 |
| - output VAT on corrective invoices to be settled in future periods | 7 | 19 |
| - public law settlements – receivables | 10 | 1 |
| - public law settlements – overpayment | 2 | 135 |
| - settlements with a brokerage house related to redemption of equity shares | 6 | 5 |
| - settlements with a brokerage house related to redemption of Quantum software's shares | 1 | - |
| - other settlements with suppliers | 95 | 68 |
| - other receivables | 44 | 81 |
| - unsettled tax paid by foreign operations | 59 | - |
| TOTAL: | 319 | 438 |

Prepayments and accruals include:

| | | |
|---|------------|------------|
| - settlement of long-term contracts | - | - |
| - inter-period cost settlement | - | - |
| - other prepayments | - | - |
| - property insurance | 60 | 79 |
| - contributions to the Company Social Benefit Fund (ZFSS) | 74 | - |
| - prepaid subscriptions, etc. | 43 | 35 |
| - settlement of VAT related to lease contracts to be settled in subsequent periods – within 12 months | 10 | 16 |
| - settlement of VAT related to lease contracts to be settled in subsequent periods – above 12 months | - | - |
| TOTAL: | 187 | 130 |

Note 7 – Inventory

| INVENTORY | Balance as of 30/06/2019 | | | | |
|--|--------------------------|------------------|----------------|-----------|-----------|
| | Materials | Work in progress | Finished goods | Goods | Total |
| Measurement at the acquisition price/cost of manufacturing | - | - | - | 33 | 33 |
| Measurement at net realisable value | - | - | - | - | - |
| Write-downs on inventory at the beginning of the period | - | - | - | 8 | 8 |
| Reversal of write-downs on inventory recognised as decrease in these write-downs in the period | - | - | - | - | - |
| Write-downs on inventory recognised as cost in the period | - | - | - | - | - |
| Write-downs on inventory at the end of the period | - | - | - | 8 | 8 |
| Inventory recognised as cost in the period | - | - | - | 8 | 8 |
| Carrying value of inventory | - | - | - | 25 | 25 |
| <i>Value of inventory securing liabilities</i> | - | - | - | 25 | 25 |
| <i>Of which the long-term portion</i> | - | - | - | 8 | 8 |

| INVENTORY | Balance as of 31/12/2018 | | | | |
|--|--------------------------|------------------|----------------|-----------|-----------|
| | Materials | Work in progress | Finished goods | Goods | Total |
| Measurement at the acquisition price/cost of manufacturing | - | - | - | 62 | 62 |
| Measurement at net realisable value | - | - | - | - | - |
| Write-downs on inventory at the beginning of the period | - | - | - | 8 | 8 |
| Reversal of write-downs on inventory recognised as decrease in these write-downs in the period | - | - | - | - | - |
| Write-downs on inventory recognised as cost in the period | - | - | - | - | - |
| Write-downs on inventory at the end of the period | - | - | - | 8 | 8 |
| Inventory recognised as cost in the period | - | - | - | 8 | 8 |
| Carrying value of inventory | - | - | - | 54 | 54 |
| <i>Value of inventory securing liabilities</i> | - | - | - | 54 | 54 |
| <i>Of which the long-term portion</i> | - | - | - | 8 | 8 |

Note no. 8 – Trade receivables

| TRADE RECEIVABLES | 30/06/2019 | 31/12/2018 |
|---|--------------|--------------|
| Trade receivables from related parties | - | 3 |
| Trade receivables from other entities | 6,870 | 5,894 |
| Total | 6,870 | 5,897 |
| Write-downs on trade receivables | 249 | 249 |
| Net trade receivables | 6,621 | 5,648 |

| MOVEMENT IN WRITE-DOWNS | 30/06/2019 | 31/12/2018 |
|---|------------|------------|
| Balance at the beginning of the period | 249 | 236 |
| Increases | - | 13 |
| Decreases | - | - |
| Balance at the end of the period | 249 | 249 |

Note no. 9 – Age structure of trade receivables

| AGE STRUCTURE OF TRADE RECEIVABLES | 30 JUNE 2019 | | 31 DECEMBER 2018 | |
|------------------------------------|--------------|------------|------------------|------------|
| | Gross value | Write-down | Gross value | Write-down |
| Performing | 4,846 | - | 3,351 | - |
| Overdue up to 3 months | 775 | - | 1,519 | - |
| Overdue between 3 and 6 months | 297 | - | 244 | - |
| Overdue between 6 and 12 months | 417 | - | 47 | - |
| Overdue over 1 year | 535 | 249 | 736 | 249 |
| Total | 6,870 | 249 | 5,897 | 249 |

Note no. 10 – Cash and cash equivalents

| CASH AND CASH EQUIVALENTS | 30/06/2019 | 31/12/2018 |
|---|--------------|--------------|
| Cash at bank and in hand | 4,344 | 3,968 |
| Short-term deposits | 1,784 | 859 |
| Other | - | - |
| Total, of which: | 6,128 | 4,827 |
| <i>- cash in bank and cash at hand allocated to discontinued operations</i> | - | - |

| | | |
|---|---|---|
| - cash in bank and at hand not available for use by the Group | - | - |
|---|---|---|

In H1, 2019 the Group's cash increased by PLN 1,300,667.25.

Both in 2018 and in H1, 2019, Quantum software SA and Quantum Qguar sp. z o.o. invested their cash in the form of short-term deposits. In H1, 2019 deposits were opened in the Polish zloty with a fixed rate between 1.5% and 1.6% as well as in the euro with a fixed rate of 0.75%.

In addition, Quantum software SA and Quantum Qguar sp. z o.o. have funds held in an open money market fund that are disclosed under other financial assets.

Note no. 11 – Initial capital

| INITIAL CAPITAL | | As of 30/06/2019 | | | | | |
|--------------------------------|------------------------|--------------------|---|------------------|--|-------------------|-----------------------------|
| Series/issue | Type of shares | Type of preference | Type of restriction on the rights to shares | Number of shares | Value of category/issue according to par value | Registration date | Right to dividend (as from) |
| Series A | Registered shares | Available | None | 750,000 | 375,000.00 | 07/03/1997 | 1997 |
| Series B | Ordinary bearer shares | None | None | 84,113 | 42,056.50 | 02/08/2007 | 2007 |
| Series C | Ordinary bearer shares | None | None | 470,000 | 235,000.00 | 11/09/2007 | 2007 |
| Series D | Ordinary bearer shares | None | None | 10,757 | 5,378.50 | 11/05/2011 | 2011 |
| Total number of shares | | | | 1,314,870 | | | |
| Total share capital | | | | | 657,435.00 | | |
| <i>Nominal value per share</i> | | | | | 0.50 | | |

| Shareholders | Number of shares | % of capital |
|---------------------|------------------|--------------|
| Minvesta sp. z o.o. | 952,912 | 72.47% |
| Tomasz Hatala | 40,414 | 3.07% |
| Bogusław Ożóg | 32,321 | 2.46% |
| Robert Dykacz | 16,179 | 1.23% |
| Marek Jędra | 10,327 | 0.79% |
| Tomasz Polończyk | 9,873 | 0.75% |
| Tomasz Mnich | 5,342 | 0.41% |
| Tomasz Mołata | 1,312 | 0.10% |
| Other | 246,190 | 18.72% |
| Total | 1,314,870 | 100% |

In July 2018, as a result of submitted offers, Quantum software SA equity shares were taken up by the aforementioned members of the management as appropriate. More details in Note no. 13.

Note no. 12 – Number of shares comprising the initial capital

| NUMBER OF SHARES COMPRISING THE INITIAL CAPITAL | 30/06/2019 | 31/12/2018 |
|--|------------------|------------------|
| Ordinary shares with a nominal value of PLN 0.50 | 1,314,870 | 1,314,870 |
| Redemption of equity shares | - | - |
| Total | 1,314,870 | 1,314,870 |

| CHANGES IN THE NUMBER OF SHARES | 30/06/2019 | 31/12/2018 |
|--|------------|------------------|
| Ordinary shares issued and fully paid-up | | |
| At the beginning of the period | 1,314,870 | 1,314,870 |
| Redemption of equity shares | - | - |
| At the end of the period | 1,314,870 | 1,314,870 |
| Ordinary shares issued and not fully paid-up | | |
| At the beginning of the period | - | - |
| At the end of the period | - | - |
| Equity shares | | |
| At the beginning of the period | 954 | 14,930 |
| Buyback of equity shares for the purposes of an incentive plan | - | - |
| Buyback of shares by the subsidiary Quantum Qguar sp. z o.o. | - | - |
| Redemption of equity shares | - | - |
| Sale of shares to the management staff | - | -13,976 |
| At the end of the period | 954 | 954 |
| Shares | | |
| At the beginning of the period | - | - |
| At the end of the period | - | - |

| INITIAL CAPITAL | 30/06/2019 | 31/12/2018 |
|------------------------------|------------|------------|
| Nominal value per share | 0.50 | 0.50 |
| Initial capital value | 657 | 657 |

Note no. 13 – Equity shares

| EQUITY SHARES | | | |
|--------------------------|------------------|-----------------------------|---|
| Balance as of 30/06/2019 | Number of shares | Value at acquisition prices | Purpose of acquisition |
| | 954 | 13 | Art. 362 (1) (8) of the Commercial Companies Code |
| TOTAL | 954 | 13 | |

In 2009-2014 a total of 14,390 equity shares of the Company were bought back for the purpose of the implementation of the Company's incentive plan (hereinafter referred to as: "POM") for its management staff. The authorisation for the Management Board to acquire equity shares was granted by way of Annual General Meeting Resolution no. 17 dated 18 May 2009 pursuant to Article 362 (1) (8) of the Commercial Companies Code, which expired on 18 May 2014.

Since the business objectives referred to in the POM rules and regulations were not achieved, in the end 14,930 equity shares were not allocated for the performance of the POM. Therefore, on 15 March 2013 the Supervisory Board adopted a resolution on suspending the POM. This plan introduced by the Company in 2008 was partially implemented and expired on 31 December 2013.

On 26 June 2017 the Annual General Meeting of Quantum software SA adopted Resolution no. 17 on the allocation of equity shares acquired by the Company between 2009 and 2014 in which it agreed to allocate 14,930 equity shares to persons belonging to the key management of the Company and Quantum software S.A. Capital Group's companies, authorising the Supervisory Board of the Company to determine detailed parameters of the acquisition of the shares. The Company's Supervisory Board determined detailed parameters of the acquisition of the shares by way of Resolution no. 2 of 6 September 2017 on the basis of the above mentioned authorisation granted by the Annual General Meeting. In a letter addressed to the Supervisory Board, the Management Board of Quantum software SA listed the key managers of the Company, including the number of shares allocated to each person.

On 26 June 2018 the Supervisory Board adopted a resolution on the allocation of equity shares in which it listed all persons, including the number of allocated shares, at the same time obliging the Management Board to submit offers for the acquisition of equity shares within 30 days as of the date of the AGM (referring to the financial year 2017). Appropriate offers were submitted and accepted by individual members of the management staff. As of 30/06/2019 there were 954 equity shares remaining, which are to be acquired by a member of the management staff in accordance with the offer.

| | | | | | | | | | | | |
|---|--------------|-----|---|---|---|---|---|---|---|------------|--------------|
| Reclassification between the supplementary capital and the result from previous years | 271 | - | - | - | - | - | - | - | - | - | 271 |
| Foreign exchange differences from measurement of foreign operations | - | - | - | - | - | - | - | - | - | -22 | -22 |
| Profit distribution | 1,089 | -74 | - | - | - | - | - | - | - | - | 1,015 |
| Dividend | - | - | - | - | - | - | - | - | - | - | - |
| Non-controlling interests | - | - | - | - | - | - | - | - | - | - | - |
| Foreign exchange differences | - | - | - | - | - | - | - | - | - | - | - |
| Acquisition of shares in a subsidiary | - | - | - | - | - | - | - | - | - | - | - |
| Income tax related to items presented in other comprehensive income | - | - | - | - | - | - | - | - | - | - | - |
| Closing balance | 9,518 | - | - | - | - | - | - | - | - | -34 | 9,484 |

| | | | | | | | | | | | |
|---|--------------|-----------|---|---|---|---|---|---|---|------------|--------------|
| initial and supplementary capital | | | | | | | | | | | |
| Foreign exchange differences from measurement of foreign operations | - | - | - | - | - | - | - | - | - | 127 | 127 |
| Profit distribution | 12 | 18 | - | - | - | - | - | - | - | - | 30 |
| Redemption of equity shares | - | - | - | - | - | - | - | - | - | - | - |
| Dividend | - | - | - | - | - | - | - | - | - | - | - |
| Non-controlling interests | - | - | - | - | - | - | - | - | - | - | - |
| Foreign exchange differences | - | - | - | - | - | - | - | - | - | - | - |
| Supplementary capital | - | - | - | - | - | - | - | - | - | - | - |
| Sale of equity shares | -81 | - | - | - | - | - | - | - | - | - | -81 |
| Acquisition of shares in a subsidiary | - | -22 | - | - | - | - | - | - | - | - | -22 |
| Profit/loss on the sale of a subsidiary | - | - | - | - | - | - | - | - | - | - | - |
| Income tax related to items presented in other comprehensive income | - | - | - | - | - | - | - | - | - | - | - |
| Closing balance | 8,158 | 74 | - | - | - | - | - | - | - | -12 | 8,220 |

Note no. 15 – Reserve capital due to foreign exchange differences on translation

| | For period ended 30/06/2019 | |
|--|--|------------|
| | Reserve capital due to foreign exchange differences on translation | Total |
| Opening balance | -12 | -12 |
| Foreign exchange differences on translation of foreign operations | -22 | -22 |
| Income tax on gains from translation of foreign operations | - | - |
| Loss on instrument hedging a net investment in foreign operations | - | - |
| Income tax related to loss on instrument hedging foreign operations' net assets | - | - |
| Gains/losses reclassified to result in connection with the sale of a foreign operation | - | - |
| Deferred tax related to profits/losses in connection with the sale of a foreign operation | - | - |
| Gains/losses on hedging instrument reclassified to result in connection with the sale of a foreign operation | - | - |
| Deferred tax related to gains/losses on hedging instrument reclassified to result in connection with the sale of a foreign operation | - | - |
| Other | - | - |
| Closing balance | -34 | -34 |

| | For period ended 31/12/2018 |
|--|-----------------------------|
| | |

| | Reserve capital due to foreign exchange differences on translation | Total |
|--|--|------------|
| Opening balance | -139 | -139 |
| Foreign exchange differences on translation of foreign operations | 127 | 127 |
| Income tax on gains from translation of foreign operations | - | - |
| Loss on instrument hedging a net investment in foreign operations | - | - |
| Income tax related to loss on instrument hedging foreign operations' net assets | - | - |
| Gains/losses reclassified to result in connection with the sale of a foreign operation | - | - |
| Deferred tax related to profits/losses in connection with the sale of a foreign operation | - | - |
| Gains/losses on hedging instrument reclassified to result in connection with the sale of a foreign operation | - | - |
| Deferred tax related to gains/losses on hedging instrument reclassified to result in connection with the sale of a foreign operation | - | - |
| Other | - | - |
| Closing balance | -12 | -12 |

Note no. 16 – Non-controlling interests

| | For period ended 30/06/2019 | |
|---|--|-------|
| | Reserve capital due to foreign exchange differences on translation | Total |
| Opening balance | -109 | -109 |
| Share in profits during the year | 28 | 28 |
| Foreign exchange differences on translation of financial statements | -9 | -9 |
| Payment of dividend | - | - |

| | | |
|---------------------------------------|------------|------------|
| Acquisition of shares in a subsidiary | 1 | 1 |
| Other decreases | - | - |
| Closing balance | -89 | -89 |

| | For period ended 31/12/2018 | |
|---|--|-------------|
| | Reserve capital due to foreign exchange differences on translation | Total |
| Opening balance | -160 | -160 |
| Share in profits during the year | -64 | -64 |
| Foreign exchange differences on translation of financial statements | 40 | 40 |
| Acquisition of shares in a subsidiary | 75 | 75 |
| Profit/loss on the sale of a subsidiary | - | - |
| Closing balance | -109 | -109 |

Note no. 17 – Provisions

| PROVISIONS | | | | | |
|--|---------------------------------|--------------------------|--|------------------|-------|
| | For period ended 30 June 2019 | | | | |
| | Provisions for warranty repairs | Restructuring provisions | Provisions for employee and similar benefits | Other provisions | Total |
| Opening balance, of which | - | - | 794 | - | 794 |
| Short-term at the beginning of the period | - | - | 512 | - | 512 |
| Long-term at the beginning of the period | - | - | 282 | - | 282 |
| Increases | - | - | - | - | - |
| Established in the period and increase in the existing ones | - | - | - | - | - |
| Reclassified as part of a transfer of business | - | - | - | - | - |
| Acquired as part of business combinations | - | - | - | - | - |
| Decreases | - | - | - | - | - |
| Used during the year | - | - | - | - | - |
| Released but not used | - | - | - | - | - |
| Reclassified as part of a transfer of business | - | - | - | - | - |
| Adjustment for net foreign exchange differences on translation | - | - | - | - | - |
| Discount rate adjustment | - | - | - | - | - |
| Closing balance, of which | - | - | 794 | - | 794 |
| Short-term at the end of the period | - | - | 512 | - | 512 |
| Long-term at the end of the period | - | - | 282 | - | 282 |

| PROVISIONS | | | | | |
|---|-----------------------------------|--------------------------|--|------------------|-------|
| | For period ended 31 December 2018 | | | | |
| | Provisions for warranty repairs | Restructuring provisions | Provisions for employee and similar benefits | Other provisions | Total |
| Opening balance, of which | - | - | 252 | - | 252 |
| Short-term at the beginning of the period | - | - | 8 | - | 8 |
| Long-term at the beginning of the period | - | - | 244 | - | 244 |
| Increases | - | - | 542 | - | 542 |

| | | | | | |
|--|---|---|------------|---|------------|
| Established in the period and increase in the existing ones | - | - | 542 | - | 542 |
| Reclassified as part of a transfer of business | - | - | - | - | - |
| Acquired as part of business combinations | - | - | - | - | - |
| Decreases | - | - | - | - | - |
| Used during the year | - | - | - | - | - |
| Released but not used | - | - | - | - | - |
| Reclassified as part of a transfer of business | - | - | - | - | - |
| Adjustment for net foreign exchange differences on translation | - | - | - | - | - |
| Discount rate adjustment | - | - | - | - | - |
| Closing balance, of which | - | - | 794 | - | 794 |
| Short-term at the end of the period | - | - | 512 | - | 512 |
| Long-term at the end of the period | - | - | 282 | - | 282 |

Note no. 18 – Bank loans and borrowings

In H1, 2019 there were no material movements in bank loans and borrowings. The Group's companies did not take on any new liabilities of this type.

Note no. 19 – Other financial liabilities

| FINANCIAL LEASE LIABILITIES | | | | |
|---|--------------|-------------------------------|------------------|-------------------------------|
| FUTURE MINIMUM LEASE FEES AND NET PRESENT VALUE OF MINIMUM LEASE FEES | | | | |
| | 30 JUNE 2019 | | 31 DECEMBER 2018 | |
| | Minimum fees | Present value of minimum fees | Minimum fees | Present value of minimum fees |
| up to 1 year | 306 | 274 | 330 | 243 |
| from 1 to 5 years | 346 | 332 | 408 | 344 |
| over 5 years | - | - | - | - |
| Total | 652 | 606 | 738 | 587 |

As of 30 June 2019 Quantum Qguar sp. z o.o. was bound by nine car lease contracts in the total amount of PLN 888,579.52. As of 30 June 2019 the outstanding amount of the liabilities was PLN 469,697.94.

As of 30 June 2019 Quantum I-services was bound by one lease contract for passenger cars in the total amount of PLN 181,866.67. As of 30 June 2018 the outstanding amount of the liabilities was PLN 136.771,66.

Note no. 20 – Trade liabilities

| TRADE LIABILITIES | 30/06/2019 | 31/12/2018 |
|--|-------------------|-------------------|
| Trade liabilities from related parties | - | - |
| Trade liabilities from other entities | 3,914 | 2,365 |
| Total | 3,914 | 2,365 |

Note no. 21 – Other liabilities and accruals

| OTHER LIABILITIES AND ACCRUALS | 30/06/2019 | 31/12/2018 |
|--|-------------------|-------------------|
| Liabilities to subsidiaries: | - | - |
| - non-current portion | - | - |
| - current portion | - | - |
| Liabilities from related parties: | - | - |
| - non-current portion | - | - |
| - current portion | - | - |
| Advance payments: | - | 112 |
| - non-current portion | - | - |
| - current portion | - | 112 |
| Other liabilities: | 3,429 | 818 |
| - non-current portion | - | - |
| - current portion | 3,429 | 818 |
| Accruals: | 31 | 46 |
| - non-current portion | - | - |
| - current portion | 31 | 46 |
| Deferred revenue: | - | - |
| - non-current portion | - | - |
| - current portion | - | - |
| Total, of which: | 3,460 | 976 |
| - non-current portion | - | - |
| - current portion | 3,460 | 976 |

| Other liabilities comprise: | | |
|---|--------------|------------|
| Liabilities due to taxes, customs, insurance and other benefits | 546 | 785 |
| Payroll | 19 | - |
| Dividends | 2,750 | - |
| Other liabilities | 13 | 14 |
| Settlements of special funds | 101 | 19 |
| Total | 3,429 | 818 |

| Accruals comprise: | | |
|---|-----------|-----------|
| Settlement of subsidy received – within 12 months | - | - |
| Settlement of subsidy received – over 12 months | - | - |
| Settlement of long-term contracts | - | - |
| Other prepayments and accruals | - | - |
| Turn-of-period costs | 31 | 46 |
| Total | 31 | 46 |

Note no. 22 – Revenues from the sale of products, goods and materials

| REVENUES FROM THE SALE OF PRODUCTS, GOODS AND MATERIALS | | | | | | |
|--|-----------------------------|-------------------|--------------------------------|-------------------|-------------------|-------------------|
| | Continued operations | | Discontinued operations | | Total | |
| | 30/06/2019 | 30/06/2018 | 30/06/2019 | 30/06/2018 | 30/06/2019 | 30/06/2018 |
| Revenues from the sale of products | 1,536 | 1,812 | - | - | 1,536 | 1,812 |
| Revenues from the sale of services | 10,851 | 9,281 | - | - | 10,851 | 9,281 |
| Revenues from the sale of materials | - | - | - | - | - | - |
| Revenues from the sale of goods | 3,652 | 2,309 | - | - | 3,652 | 2,309 |
| TOTAL | 16,039 | 13,402 | - | - | 16,039 | 13,402 |
| of which: non-cash revenues from exchange of goods or services | - | - | - | - | - | - |

In H1, 2019 an increase in sales was recorded compared to the corresponding period in 2018. The sale of goods is the Group's auxiliary operation, resulting from specific orders as part of the performance of contracts with counterparties.

Note no. 23 – Costs by type

| COSTS BY TYPE | 30/06/2019 | 30/06/2018 |
|--|-------------------|-------------------|
| Depreciation of fixed assets and intangible assets | 309 | 353 |
| Costs of employee benefits | 5,936 | 5,441 |
| Consumption of raw materials and materials | 210 | 200 |
| Outsourced services | 4,423 | 3,955 |
| Costs of taxes and charges | 65 | 49 |
| Other costs | 357 | 375 |
| Movement in the balance of products and work-in-progress | - | - |
| Value of goods sold | 3,330 | 2,095 |
| TOTAL | 14,630 | 12,468 |
| Selling costs | 1,236 | 1,395 |
| General and administrative expenses | 1,732 | 1,756 |
| Costs of products, goods and materials sold | 11,662 | 9,317 |
| TOTAL | 14,630 | 12,468 |
| of which: minimum lease fees recognised as operating lease costs | - | - |

| COSTS OF EMPLOYEE BENEFITS | 30/06/2019 | 30/06/2018 |
|---|-------------------|-------------------|
| Payroll costs | 4,961 | 4,584 |
| Social security costs | 861 | 791 |
| Costs of defined contribution plans | - | - |
| Costs of defined benefit plans, of which: | - | - |
| Costs of other long-term employee benefits | - | - |
| Costs of benefits due to termination of employment relationship | - | - |
| Costs of retirement benefits | - | - |
| Other benefits | 114 | 66 |
| Other post-employment benefits | - | - |
| Costs of employee benefits in the form of equity shares | - | - |
| TOTAL | 5,936 | 5,441 |

| R&D COSTS | 30/06/2019 | 30/06/2018 |
|--|-------------------|-------------------|
| Depreciation | - | 20 |
| Consumption of raw materials and auxiliary materials | - | - |
| Outsourced services | - | - |
| Other costs | - | - |
| TOTAL | - | 20 |

Note no. 24 – Other revenues and costs

| OTHER REVENUES | 30/06/2019 | 30/06/2018 |
|---|-------------------|-------------------|
| State subsidies | - | - |
| Gain on the sale of property, plant and equipment | 36 | 11 |
| Reversal of impairment losses on receivables | - | - |
| Reversal of impairment losses on inventory | - | - |
| Reversal of impairment losses on intangible assets | - | - |
| Reversal of impairment losses on property, plant and equipment | - | - |
| Reversal of impairment losses on investment property | - | - |
| Release of other provisions | - | - |
| Release of provisions for the entity's restructuring costs | - | - |
| Gain on an occasional acquisition | - | - |
| Reimbursement of court costs | - | - |
| Refunds of compensations | - | - |
| Differences from balance sheet measurement | - | - |
| Donations, penalties and compensations received | 18 | - |
| Adjustment of contributions to the Labour Fund for previous years | - | - |
| Refund of insurance policy premiums | - | - |
| Redemption of a portion of shares | - | - |
| Transfer of business – goodwill | - | - |
| Other | 9 | 118 |
| TOTAL | 63 | 129 |
| of which: non-cash revenues from exchange of goods or services | - | - |

| OTHER COSTS | 30/06/2019 | 30/06/2018 |
|---|-------------------|-------------------|
| Loss on the sale of property, plant and equipment | - | - |
| Provisions for guarantee repairs | - | - |
| Direct costs (including renovation and maintenance) due to investment property rented out | - | - |
| Accumulated loss on revaluation of investment property to fair value | - | - |
| Impairment losses on receivables | - | 10 |
| Impairment losses on inventory | - | - |
| Impairment losses on intangible assets | - | - |
| Impairment losses on property, plant and equipment | - | - |
| Impairment losses on investment property | - | - |
| Provisions for the entity's restructuring costs | - | - |
| Provisions for expected losses | - | - |
| Provisions for costs | - | - |
| Costs of court proceedings | - | - |
| Compensations for dismissed employees | - | - |
| Costs connected with the acquisition of other entities | - | - |
| Costs of maintaining property investments | - | - |
| Losses, compensations and fines | - | - |
| Donations | 5 | - |
| Liquidation of current assets | - | - |
| Subsidies | - | - |
| Other | 14 | 9 |
| TOTAL | 19 | 19 |

Note no. 25 – Financial revenues and expenses

| FINANCIAL REVENUES | 30/06/2019 | 30/06/2018 |
|---|-------------------|-------------------|
| Interest revenues | 82 | 26 |
| Dividend revenues | - | - |
| Investment revenues | - | 37 |
| Foreign exchange gains | - | - |
| Interest accrued on receivables | - | - |
| FX hedges (forwards) | - | - |
| Settlement of deferred tax upon the transfer of business | - | - |
| Other | - | 1 |
| Reversal of impairment losses on financial assets, of which | - | - |

| | | |
|--|-----------|-----------|
| concerning: | | |
| assets available for sale | - | - |
| financial assets and liabilities measured at fair value through profit or loss | - | - |
| hedging instruments | - | - |
| Gains on movement in the fair value of financial instruments | - | - |
| assets available for sale | - | - |
| financial assets and liabilities measured at fair value through profit or loss | - | - |
| hedging instruments | - | - |
| TOTAL | 82 | 64 |

| FINANCIAL EXPENSES | 30/06/2019 | 30/06/2018 |
|--|-------------------|-------------------|
| Interest expenses, of which: | 4 | 79 |
| bank loans | - | - |
| borrowings | - | - |
| Other | - | - |
| state budget and other interest | 4 | 79 |
| Financial expenses from financial lease contracts | 48 | 28 |
| Provisions for outstanding interest | - | - |
| Loss on disposal of investments | - | - |
| Foreign exchange losses | - | 166 |
| Profit/loss on the sale of shares in subsidiary | - | - |
| Cancellation of a borrowing and interest | 49 | - |
| Other | 1 | 3 |
| Impairment losses on financial assets, of which concerning: | 36 | - |
| assets available for sale | - | - |
| financial assets and liabilities measured at fair value through profit or loss | 36 | - |
| hedging instruments | - | - |
| Losses on changes in the fair value of financial instruments, of which concerning: | - | - |
| assets available for sale | - | - |
| financial assets and liabilities measured at fair value through profit or loss | - | - |
| hedging instruments | - | - |
| TOTAL | 138 | 276 |

Note no. 26 – Consolidated earnings per share

| CONSOLIDATED EARNINGS PER SHARE | 30/06/2019 | 30/06/2018 |
|---|------------|------------|
| Consolidated net earnings for the reporting period attributable to: | 1,105 | 532 |
| Shareholders of the parent company | 1,078 | 589 |
| Non-controlling interests | 27 | -57 |

| CONSOLIDATED NET EARNINGS OF ORDINARY SHAREHOLDERS OF THE PARENT COMPANY (BASIC) | | | | | | |
|---|----------------------|-------------------------|--------------|----------------------|-------------------------|------------|
| Details | 30 JUNE 2019 | | | 30 June 2018 | | |
| | Continued operations | Discontinued operations | Total | Continued operations | Discontinued operations | Total |
| Consolidated net earnings/loss of the shareholders of the parent company for the reporting period | 1,078 | - | 1,078 | 589 | - | 589 |
| Dividends on preference shares which are not subject to redemption (-) | - | - | - | - | - | - |
| Total | 1,078 | - | 1,078 | 589 | - | 589 |

| WEIGHTED AVERAGE NUMBER OF ORDINARY SHARES | 30/06/2019 | 30/06/2018 |
|---|------------|------------|
| <i>in thousands of shares</i> | | |
| Weighted average number of shares at the beginning of the period | 1,314,870 | 1,314,870 |
| Weighted average number of ordinary shares at the end of the period | 1,314,870 | 1,314,870 |

| CONSOLIDATED NET EARNINGS PER SHARE | 30/06/2019 | 30/06/2018 |
|--|------------|------------|
| on continued and discontinued operations | 0.82 | 0.45 |
| on continued operations | 0.82 | 0.45 |

| CONSOLIDATED NET EARNINGS OF ORDINARY SHAREHOLDERS OF THE PARENT COMPANY (DILUTED) | 30 JUNE 2019 | | | 30 JUNE 2018 | | |
|---|----------------------|-------------------------|-------|----------------------|-------------------------|-------|
| | Continued operations | Discontinued operations | Total | Continued operations | Discontinued operations | Total |
| Consolidated net earnings/loss of ordinary shareholders of the parent company (basic) | 1,078 | - | 1,078 | 589 | - | 589 |

| | | | | | | |
|--|--------------|----------|--------------|------------|----------|------------|
| Interest on convertible bonds, after tax | - | - | - | - | - | - |
| Consolidated net earnings/loss of ordinary shareholders of the parent company (diluted) | 1,078 | - | 1,078 | 589 | - | 589 |

| WEIGHTED AVERAGE NUMBER OF ORDINARY SHARES (DILUTED) | 30/06/2019 | 30/06/2018 |
|--|-------------------|-------------------|
| <i>in thousands of shares</i> | | |
| Weighted average number of ordinary shares | 1,314,870 | 1,314,870 |
| Impact of conversion of convertible bonds on shares | - | - |
| Impact of the issue of options on shares | - | - |
| Weighted average number of ordinary shares at the end of the period (diluted) | 1,314,870 | 1,314,870 |

| CONSOLIDATED DILUTED NET EARNINGS PER SHARE | 30/06/2019 | 30/06/2018 |
|--|-------------------|-------------------|
| on continued and discontinued operations | 0.82 | 0.45 |
| on continued operations | 0.82 | 0.45 |

Note no. 27 – Information on operating segments

The Group does not identify product segments because it is not possible to identify assets and equity & liabilities corresponding to individual types of products and, consequently, the Company does not keep records allowing the identification of particular operating segments. The Group presents sales broken down by products, services and goods (note no. 22) and by geographical areas. The Company does not disclose any information on customer concentration as there is no such concentration at the Company.

| 30/06/2019 | | |
|--|-----------------|---------------------------|
| INFORMATION ON GEOGRAPHICAL AREAS | Revenues | Non-current assets |
| Domestic sales | 13,436 | * |
| Total foreign sales | 2,603 | * |
| of which: | | |
| Germany | 473 | - |
| Ukraine | 1,203 | - |
| Belarus | 248 | - |
| Lithuania | 223 | - |
| Russia | 32 | - |

| | | |
|--------------------------|---------------|---|
| Great Britain | 36 | - |
| Ecuador | 60 | - |
| Romania | 16 | - |
| Hungary | - | - |
| Czech Republic | 23 | - |
| Spain | - | - |
| Italy | 16 | - |
| Brazil | - | - |
| Norway | - | - |
| Luxembourg | - | - |
| United States of America | 51 | - |
| France | - | - |
| Malta | - | - |
| Slovakia | 222 | - |
| TOTAL | 16,039 | - |

| 30/06/2018 | | |
|-----------------------------------|----------|--------------------|
| INFORMATION ON GEOGRAPHICAL AREAS | Revenues | Non-current assets |
| Domestic sales | 11,547 | * |
| Total foreign sales | 1,855 | * |
| of which: | | |
| Germany | 478 | - |
| Ukraine | 546 | - |
| Russia | 34 | - |
| Belarus | 195 | - |
| Lithuania | 107 | - |
| Great Britain | 59 | - |
| Ecuador | 53 | - |
| Romania | 254 | - |
| Hungary | 42 | - |
| Czech Republic | 20 | - |
| Spain | - | - |
| Italy | 15 | - |
| Brazil | - | - |
| Norway | - | - |
| Luxembourg | - | - |
| United States of America | 52 | - |
| France | - | - |

| | | |
|--------------|---------------|---|
| Malta | - | - |
| Other | - | - |
| TOTAL | 13,402 | - |

| INFORMATION ON TYPES OF PRODUCTS, SERVICES AND GOODS | 30/06/2019 | 30/06/2018 |
|--|---------------|---------------|
| | Revenues | Revenues |
| Products – licences | 1,536 | 1,812 |
| Services – implementation | 5,698 | 4,134 |
| Services – maintenance | 4,889 | 4,704 |
| Services – individual projects and other services | 255 | 397 |
| Long-term contracts | 10 | 46 |
| Goods | 3,651 | 2,309 |
| TOTAL | 16,039 | 13,402 |

Note no. 28 – Construction contracts

Some of the contracts held by the Group's companies have the traits of long-term contracts. The management boards of these companies analyse the costs and revenues under such contracts on a regular basis. Given the fact that there are small differences between the progress of the contracts and the accompanying costs and revenue, the contracts are not presented because they do not significantly affect the Group's financial result.

| CONSTRUCTION CONTRACTS IN PROGRESS | 30/06/2019 | 31/12/2018 |
|--|------------|------------|
| Total costs incurred in the financial year | 309 | 373 |
| Total revenues in the financial year | 9 | 297 |
| Advances received | - | - |
| Deposit amount | - | - |
| Receivables from customers under contractual works | 309 | 300 |
| Liabilities due to customers under contractual works | - | - |

Note no. 29 - Financial instruments

| FINANCIAL INSTRUMENTS – INTEREST RATE RISK – SENSITIVITY ANALYSIS | | | |
|--|-----------------------|---|---|
| Balance as of 30/06/2019 | | | |
| | Carrying value | Increase/decrease by percentage points | Impact on the gross financial result |
| Financial assets | 9,600 | - | -2 |
| Cash | 6,128 | - | - |
| Financial assets available for sale | - | - | - |
| Other financial assets | 3,310 | - | - |
| Borrowings granted | 162 | -1 | -2 |
| Financial liabilities | 606 | - | 6 |
| Bank loans and borrowings | - | - | - |
| Financial lease liabilities | 606 | 1 | 6 |
| Other financial liabilities | - | - | - |

| FINANCIAL INSTRUMENTS – INTEREST RATE RISK – SENSITIVITY ANALYSIS | | | |
|--|-----------------------|---|---|
| Balance as of 31/12/2018 | | | |
| | Carrying value | Increase/decrease by percentage points | Impact on the gross financial result |
| Financial assets | 8,356 | - | -3 |
| Cash | 4,827 | - | - |
| Financial assets available for sale | - | - | - |
| Other financial assets | 3,248 | - | - |
| Borrowings granted | 281 | -1 | -3 |
| Financial liabilities | 587 | - | 6 |
| Bank loans and borrowings | - | - | - |
| Financial lease liabilities | 587 | 1 | 6 |
| Other financial liabilities | - | - | - |

| FINANCIAL INSTRUMENTS – CURRENCY RISK – SENSITIVITY ANALYSIS | | | |
|---|-----------------------|---|---|
| Balance as of 30/06/2019 | | | |
| | Carrying value | Exchange rate increase/decrease in percentage points | Impact on gross financial result |
| Financial assets | - | - | - |
| Cash in EUR | 2,199 | 1.00% | 22 |
| Cash in USD | 563 | 5.00% | 28 |
| Cash in UAH | 734 | 6.00% | 44 |

| | | | |
|------------------------------------|-------|--------|-----|
| Cash in RUB | - | 2.00% | - |
| Cash in BRL | 6 | 0.00% | - |
| Trade and other receivables in EUR | 265 | 1.00% | 3 |
| Trade and other receivables in USD | 76 | 5.00% | 4 |
| Trade and other receivables in UAH | 1,000 | 6.00% | 60 |
| Trade and other receivables in RUB | - | 2.00% | - |
| Trade and other receivables in BRL | - | 0.00% | - |
| Financial liabilities | - | - | - |
| Overdrafts in EUR | - | - | - |
| Short-term loans in EUR | - | - | - |
| Trade liabilities in EUR | 19 | -1.00% | - |
| Trade liabilities in UAH | 959 | -6.00% | -58 |
| Trade liabilities in RUB | 101 | -2.00% | -2 |
| Trade liabilities in BRL | 12 | 0.00% | - |

| FINANCIAL INSTRUMENTS – CURRENCY RISK – SENSITIVITY ANALYSIS | | | |
|---|--|---|---|
| Balance as of 31/12/2018 | | | |
| | Carrying value (thousands of PLN) | Exchange rate increase/decrease in percentage points | Impact on gross financial result |
| Financial assets | - | - | - |
| Cash in EUR | 2,365 | -1.00% | -24 |
| Cash in USD | - | -3.00% | - |
| Cash in UAH | 631 | -5.00% | -32 |
| Cash in RUB | 3 | -11.00% | - |
| Cash in BRL | 3 | -15.00% | - |
| Trade and other receivables in EUR | 249 | -1.00% | -2 |
| Trade and other receivables in USD | 86,872 | -3.00% | -3 |
| Trade and other receivables in UAH | 872,141 | -5.00% | -44 |
| Trade and other receivables in RUB | - | -11.00% | - |
| Trade receivables in BRL | 22 | -15.00% | -3 |
| Financial liabilities | - | - | - |
| Overdrafts in EUR | - | - | - |
| Short-term loans in EUR | - | - | - |
| Trade liabilities in EUR | 48 | 1.00% | 0 |
| Trade liabilities in UAH | 1,034 | 5.00% | 52 |
| Trade liabilities in RUB | 231 | 11.00% | 25 |
| Trade liabilities in BRL | 29 | 15.00% | 4 |

| FAIR VALUE OF INDIVIDUAL CATEGORIES OF FINANCIAL INSTRUMENTS | | | | | |
|--|---|----------------|---------------|---------------|---------------|
| | Category in accordance with IAS 39* | Carrying value | | Fair value | |
| | | 30/06/2019 | 31/12/2018 | 30/06/2019 | 31/12/2018 |
| Financial assets | | 13,764 | 11,658 | 13,764 | 11,658 |
| Cash | Measured at fair value through the financial result | 6,128 | 4,827 | 6,128 | 4,827 |
| Trade and other receivables | Borrowings and receivables | 7,474 | 6,546 | 7,474 | 6,546 |
| Receivables on account of borrowings granted | Borrowings and receivables | 162 | 281 | 162 | 281 |
| Financial assets available for sale | Available for sale | - | 4 | - | 4 |
| Financial liabilities | | 7,980 | 3,928 | 7,980 | 3,928 |
| Financial lease liabilities | Financial liabilities at depreciated cost | 606 | 587 | 606 | 587 |
| Trade and other liabilities | Financial liabilities at depreciated cost | 7,374 | 3,341 | 7,374 | 3,341 |
| Bank loans | Financial liabilities at depreciated cost | - | - | - | - |

| ITEMS OF REVENUES, COSTS, PROFITS AND LOSS RECOGNISED IN THE STATEMENT OF COMPREHENSIVE INCOME, BROKEN DOWN INTO CATEGORIES OF FINANCIAL INSTRUMENTS | | | | | |
|--|---|---------------------------------|---------------------------------|--------------------------------|---|
| | Category in accordance with IAS 39* | FOR THE PERIOD ENDED 30/06/2019 | | | |
| | | Interest revenues/expenses | Foreign exchange profits/losses | Releasing/creating write-downs | Gains/losses on the sale of financial instruments |
| Financial assets | | 83 | - | -35 | -49 |
| Cash | Measured at fair value through the financial result | 13 | - | - | - |
| Trade and other receivables | Borrowings and receivables | - | - | - | - |
| Receivables from borrowings granted | Borrowings and receivables | 7 | - | -35 | -49 |

| | | | | | |
|-------------------------------------|---|------------|---|---|---|
| Financial assets available for sale | Available for sale | - | - | - | - |
| Other financial assets | | 63 | - | - | - |
| Financial liabilities | | -52 | - | - | - |
| Financial lease liabilities | Financial liabilities at depreciated cost | -48 | - | - | - |
| Trade and other liabilities | Financial liabilities at depreciated cost | -4 | - | - | - |
| Short-term bank loans | Financial liabilities at depreciated cost | - | - | - | - |

ITEMS OF REVENUES, COSTS, PROFITS AND LOSS RECOGNISED IN THE STATEMENT OF COMPREHENSIVE INCOME, BROKEN DOWN INTO CATEGORIES OF FINANCIAL INSTRUMENTS

| | FOR THE PERIOD ENDED 30/06/2018 | | | | |
|-------------------------------------|---|----------------------------|---------------------------------|--------------------------------|---|
| | Category in accordance with IAS 39* | Interest revenues/expenses | Foreign exchange profits/losses | Releasing/creating write-downs | Gains/losses on the sale of financial instruments |
| Financial assets | | 64 | -166 | - | - |
| Cash | Measured at fair value through the financial result | 16 | 59 | - | - |
| Trade and other receivables | Borrowings and receivables | - | -225 | - | - |
| Receivables from borrowings granted | Borrowings and receivables | 10 | - | - | - |
| Financial assets available for sale | Available for sale | - | - | - | - |
| Other financial assets | | 38 | - | - | - |
| Financial liabilities | | -107 | - | - | - |
| Financial lease liabilities | Financial liabilities at depreciated cost | -28 | - | - | - |
| Trade and other liabilities | Financial liabilities at depreciated cost | -79 | - | - | - |
| Short-term bank loans | Financial liabilities at depreciated cost | - | - | - | - |

Note no. 30 – Notes to the cash flow statement

| Notes to the cash flow statement | 30/06/2019 | 30/06/2018 |
|--|-------------|------------|
| Foreign exchange profits (losses) disclosed in the cash flow statement result from the following items: | -56 | 28 |
| - foreign exchange differences from measurement of cash | -1 | -70 |
| - unrealised foreign exchange differences on loans and borrowings | -40 | -49 |
| - realised foreign exchange differences on loans and borrowings | - | - |
| - foreign exchange differences on translation of financial statements | -15 | 147 |
| Interest and profit sharing (dividends) comprise: | 77 | 81 |
| - interest received on borrowings granted | - | - |
| - interest received on cash at bank and deposits | -13 | -16 |
| - interest received on lease instalments | - | - |
| - interest paid on loans | - | - |
| - interest paid on borrowings | - | - |
| - interest paid on debt securities | - | - |
| - interest paid on lease liabilities | 48 | 28 |
| - fees paid on debt securities | - | - |
| - dividends received | - | - |
| - interest accrued on borrowings granted | -7 | -10 |
| - interest accrued on borrowings granted | - | - |
| - interest accrued on loans and borrowings raised | - | - |
| - interest accrued on debt securities | - | - |
| - other interest | 49 | 79 |
| Profit (loss) on investing activities results from: | -99 | -48 |
| - revenues from the disposal of property, plant and equipment and of investment property | -62 | -15 |
| - revenues from the disposal of intangible assets | - | - |
| - prime costs of sale of property, plant and equipment and of investment property | 26 | 4 |
| - prime costs of sale of intangible assets | - | - |
| - costs of liquidation of property, plant and equipment | - | - |
| - revenues from disposal of shares | - | - |
| - prime costs of sale of shares | - | - |
| Revenues from other financial assets | -63 | -37 |
| Prime cost of other assets | - | - |
| Write-down on interests | - | - |
| Movement in receivables results from the following items: | -748 | 18 |
| - movement in the balance of current receivables resulting from the balance sheet | -929 | 23 |

| | | |
|---|--------------|-------------|
| - movement in the balance of non-current receivables resulting from the balance sheet | - | -5 |
| - adjustment for movement in the balance of dividend receivables | - | - |
| - adjustment for movement in the balance of receivables from the disposal of property, plant and equipment and of investment property | - | - |
| - adjustment for movement in the balance of receivables from the disposal of intangible assets | - | - |
| - adjustment for movement in the balance of receivables from the disposal of financial investments | - | - |
| - adjustment for movement in the balance of receivables from bank guarantee deposits | - | - |
| - other adjustments | 181 | - |
| Movement in liabilities, except for loans and borrowings, results from the following items: | 1,053 | -949 |
| - movement in the balance of current trade and other liabilities | 3,974 | 508 |
| - movement in the balance of other non-current liabilities | - | - |
| - adjustment for movement in liabilities against unpaid dividend | -2,750 | -1,457 |
| - adjustment for movement in the balance of liabilities from the acquisition of property, plant and equipment | - | - |
| - adjustment for movement in the balance of liabilities from the acquisition of financial assets | - | - |
| - adjustment for movement in lease liabilities | -163 | - |
| - adjustment for movement in liabilities from guarantees granted to subsidiaries | - | - |
| - other adjustments | -8 | - |
| Income tax paid | -362 | -311 |
| - income tax disclosed in the income statement | -292 | -362 |
| - adjustment for movement in the balance of deferred tax assets | 45 | 5 |
| - adjustment for movement in the balance of income tax receivables | -67 | 16 |
| - adjustment for movement in the balance of deferred tax provisions | -4 | 81 |
| - adjustment for movement in the balance of income tax liabilities | -57 | -51 |
| - adjustment for deferred tax on changes in equity | - | - |
| - other | 13 | - |
| - income tax paid | - | - |
| “Other adjustments” comprise: | -26 | 12 |
| - revaluation of property, plant and equipment (positive valuation) | - | - |
| - revaluation of property, plant and equipment (write-down) | - | - |
| - revaluation of shares (positive valuation) | - | - |
| - revaluation of shares (write-down) | - | - |
| - revaluation of borrowings granted (write-down) | 37 | - |
| - revaluation of financial instruments | - | - |
| - revaluation of sureties | - | - |

| | | |
|---|------------|------------|
| - conversion of cash deposits to financial assets | - | - |
| - other adjustments charged to the result from previous years | -75 | 12 |
| - other | 12 | - |
| Acquisition of property, plant and equipment and of intangible assets – investing activities | 202 | 167 |
| - movement in the balance of property, plant and equipment resulting from the balance sheet | 60 | -39 |
| - movement in the balance of investment property resulting from the balance sheet | - | - |
| - movement in the balance of intangible assets resulting from the balance sheet | 4 | -83 |
| - movement in the balance of above assets in assets for sale | - | - |
| - depreciation for the reporting period resulting from the income statement | 308 | 353 |
| - prime costs of sale of fixed assets, investment property and intangible assets sold | 26 | 4 |
| - cost of liquidated fixed assets | - | - |
| - impairment loss/reversal of impairment loss on the above assets | - | - |
| - measurement of the above non-current assets | - | - |
| - other | -194 | -4 |
| - adjustment for advances on the purchase of fixed assets and intangible assets | - | - |
| - adjustment for investment liabilities (purchase) | - | - |
| - other adjustments | -2 | -64 |
| - transfer of assets in an organised part of the business to the new entity | - | - |

Note no. 31 – Remuneration of the Group’s senior management

| Management Board of the parent company | 30/06/2019 | 31/12/2018 |
|---|-------------------|-------------------|
| Short-term employee benefits (remuneration and add-ons) | 120 | 260 |
| Jubilee awards and retirement severance pays | - | - |
| Post-employment benefits | - | - |
| Benefits due to termination of employment relationship | - | - |
| Employee benefits in the form of equity shares | - | - |
| Total | 120 | 260 |

| Supervisory Board of the parent company | 30/06/2019 | 31/12/2018 |
|---|-------------------|-------------------|
| Short-term employee benefits (remuneration and add-ons) | 10 | 28 |
| Jubilee awards and retirement severance pays | - | - |
| Post-employment benefits | - | - |
| Benefits due to termination of employment relationship | - | - |

| | | |
|--|-----------|-----------|
| Employee benefits in the form of equity shares | - | - |
| Total | 10 | 28 |

| Management Board of subsidiaries | 30/06/2019 | 31/12/2018 |
|---|-------------------|-------------------|
| Short-term employee benefits (remuneration and add-ons) | 156 | 316 |
| Jubilee awards and retirement severance pays | - | - |
| Post-employment benefits | - | - |
| Benefits due to termination of employment relationship | - | - |
| Employee benefits in the form of equity shares | - | - |
| Total | 156 | 316 |

| Supervisory Board of subsidiaries | 30/06/2019 | 31/12/2018 |
|---|-------------------|-------------------|
| Short-term employee benefits (remuneration and add-ons) | - | - |
| Jubilee awards and retirement severance pays | - | - |
| Post-employment benefits | - | - |
| Benefits due to termination of employment relationship | - | - |
| Employee benefits in the form of equity shares | - | - |
| Total | - | - |

| Other members of the senior management | 30/06/2019 | 31/12/2018 |
|---|-------------------|-------------------|
| Short-term employee benefits (remuneration and add-ons) | 481 | 864 |
| Jubilee awards and retirement severance pays | - | - |
| Post-employment benefits | - | - |
| Benefits due to termination of employment relationship | - | - |
| Employee benefits in the form of equity shares | - | - |
| Total | 481 | 864 |

| | 30/06/2019 | 31/12/2018 |
|--|-------------------|-------------------|
| Management Board | 120 | 260 |
| Supervisory Board | 10 | 28 |
| Management Board – subsidiaries or associates | 156 | 316 |
| Supervisory Board – subsidiaries or associates | - | - |
| Total | 286 | 604 |
| Other members of the senior management | 481 | 864 |

Note no. 32 – Disclosures on the remuneration of the statutory auditor or the entity authorised to audit financial statements

| | 30/06/2019 | 31/12/2018 |
|---|------------|------------|
| Statutory audit of financial statements | 20 | 56 |
| Other attestation services | - | - |
| Tax consulting services | - | - |
| Other services | - | - |
| Total | 20 | 56 |

Note no. 33 – Capital management

| | 30/06/2019 | 31/12/2018 |
|--|---------------|---------------|
| Interest-bearing loans, borrowings and bonds | 606 | 587 |
| Trade and other liabilities | 7,374 | 3,398 |
| Less cash and cash equivalents | -6,128 | -4,827 |
| Net debt | 1,852 | -842 |
| Convertible preference shares | - | - |
| Equity capital | 10,792 | 12,502 |
| Reserve capitals on unrealised net profits | - | - |
| Total capital | 10,792 | 12,502 |
| Capital and net debt | 12,644 | 11,660 |
| Leverage ratio | 0.15 | -0.07 |

III. Issuer's semi-annual condensed financial statement

| Statement of financial position | | | |
|--|-------------|-------------------|-------------------|
| ASSETS | Note | 30/06/2019 | 31/12/2018 |
| Non-current assets | | 9,709 | 9,705 |
| Property, plant and equipment | 1 | - | - |
| Intangible assets | | - | - |
| Investments in associates measured with the equity method | | - | - |
| Financial assets available for sale | 4 | 9,701 | 9,701 |
| Borrowings granted | 5 | - | - |
| Deferred income tax assets | 23 | 8 | 4 |
| Non-current receivables and prepayments | 6 | - | - |
| Current assets | | 1,817 | 1,749 |
| Inventory | 7 | - | - |
| Trade receivables | 8 | 216 | 157 |
| Other current receivables and prepayments | 6 | 32 | 30 |
| Income tax receivables | 23 | 63 | - |
| Borrowings granted | 5 | - | - |
| Other financial assets | | 632 | 620 |
| Cash or cash equivalent | 9 | 874 | 942 |
| TOTAL ASSETS | | 11,526 | 11,454 |
| EQUITY & LIABILITIES | | | |
| Equity capital | | 10,403 | 11,358 |
| Equity capital attributable to the shareholders of the parent company | | 10,403 | 11,358 |
| Initial capital | 10 | 657 | 657 |
| Share premium | 13 | 9,518 | 8,429 |
| Equity shares | 12 | -13 | -13 |
| Reserve and supplementary capitals | 13 | - | - |
| Profit/loss from previous years | | 102 | 105 |
| Profit/loss from the current year | | 139 | 2,180 |
| Non-controlling interests | | - | - |
| LIABILITIES | | 1,123 | 96 |
| Non-current liabilities | | 4 | 2 |
| Provisions | 14 | - | - |
| Deferred income tax provisions | 23 | 4 | 2 |
| Long-term bank loans and borrowings | 15 | - | - |
| Other non-current financial liabilities | 16 | - | - |

| | | | |
|---|----|---------------|---------------|
| Other non-current liabilities and accruals | 18 | - | - |
| Current liabilities | | 1,119 | 94 |
| Provisions | 14 | - | - |
| Short-term bank loans and borrowings | 15 | - | - |
| Short-term portion of long-term bank loans and borrowings | 15 | - | - |
| Other current financial liabilities | 16 | - | - |
| Trade liabilities | 17 | 13 | 75 |
| Other current liabilities and accruals | 18 | 1,106 | 19 |
| Liabilities related to fixed assets classified as held for sale | | - | - |
| TOTAL EQUITY & LIABILITIES | | 11,526 | 11,454 |

| Statement of comprehensive income (by function) | Note | 30/06/2019 | 30/06/2018 |
|---|-------------|-------------------|-------------------|
| <i>Continued operations</i> | | | |
| Revenues from the sale of products, goods and materials | 19 | 653 | 636 |
| Costs of products, goods and materials sold | 20 | 259 | 245 |
| Movement in products – subsidy received for intangible assets and fixed assets | | - | - |
| Gross profit/loss on sales | | 394 | 391 |
| Selling costs | 20 | - | - |
| General and administrative expenses | 20 | 252 | 324 |
| Profit/loss on sales | | 142 | 67 |
| Other operating revenues | | - | - |
| Other operating expenses | | 3 | - |
| Profit (loss) on operating activities | | 139 | 67 |
| Financial revenues | 22 | 22 | 35 |
| Financial expenses | 22 | 6 | 7 |
| Share in profit/loss of associates | | - | - |
| Profit/loss on the sale of shares in an associate | | - | - |
| Gross profit/loss | | 155 | 95 |
| Income tax | 23 | 16 | 20 |
| Net profit (loss) on continued operations | | 139 | 75 |
| <i>Discontinued operations</i> | | | |
| Profit/loss on discontinued operations for the financial year | | - | - |
| Net profit/loss for the reporting period | | 139 | 75 |
| Net profit/loss attributable to: | | 139 | 75 |
| Other comprehensive income | | - | - |
| Gains/losses on revaluation of property, plant and equipment | | - | - |
| Gains/losses on measurement of investments available for sale charged to the equity capital | | - | - |
| Gains/losses on cash flow hedges (effective portion) | | - | - |
| Foreign exchange differences from measurement of foreign operations | | - | - |
| Income tax related to items presented in other comprehensive income | 23 | - | - |
| Total comprehensive income | | 139 | 75 |
| Comprehensive income attributable to: | | 139 | 75 |
| Earnings/loss per share in PLN: | | - | - |
| On continued operations | 24 | - | - |
| <i>Basic</i> | 24 | 0.11 | 0.06 |
| <i>Diluted</i> | 24 | 0.11 | 0.06 |
| On continued and discontinued operations | 24 | - | - |

| | | | |
|----------------|----|------|------|
| <i>Basic</i> | 24 | 0.11 | 0.06 |
| <i>Diluted</i> | 24 | 0.11 | 0.06 |

| | | | | | | | | | | | |
|---|------------|--------------|------------|---|---|---|---|---------------|---------------|---|---------------|
| Income tax related to items presented in other comprehensive income | - | - | - | - | - | - | - | - | - | - | - |
| Total revenues and costs for the financial year recognised directly in the equity capital | - | - | - | - | - | - | - | - | - | - | - |
| Profit/loss for the reporting period | - | - | - | - | - | - | - | 139 | 139 | - | 139 |
| Other movements in the equity capital | - | 1,089 | - | - | - | - | - | -2,183 | -1,094 | - | -1,094 |
| Issue of share capital | - | - | - | - | - | - | - | - | - | - | - |
| Dividends | - | - | - | - | - | - | - | - | - | - | - |
| Distribution of the financial result | - | 1,089 | - | - | - | - | - | -2,180 | -1,091 | - | -1,091 |
| Acquisition of equity shares | - | - | - | - | - | - | - | - | - | - | - |
| Sale of equity shares | - | - | - | - | - | - | - | - | - | - | - |
| Reclassification of the reserve capital to the initial capital | - | - | - | - | - | - | - | - | - | - | - |
| Adjustment of the result from previous years | - | - | - | - | - | - | - | -3 | -3 | - | -3 |
| Closing balance | 657 | 9,518 | -13 | - | - | - | - | 241 | 10,403 | - | 10,403 |

| | | | | | | | | | | | | |
|---|------------|--------------|------------|---|---|---|---|---------------|---------------|---|---------------|---|
| capital | | | | | | | | | | | | |
| Total revenues and costs for the financial year recognised directly in the equity capital | - | - | - | - | - | - | - | - | - | - | - | - |
| Profit/loss for the financial year | - | - | - | - | - | - | - | 2,180 | 2,180 | - | 2,180 | - |
| Adjustments for fundamental errors | - | - | - | - | - | - | - | - | - | - | - | - |
| Other movements in the equity capital | - | -69 | 89 | - | - | - | - | -2,929 | -2,909 | - | -2,909 | - |
| Issue of share capital | - | - | - | - | - | - | - | - | - | - | - | - |
| Dividends | - | - | - | - | - | - | - | - | - | - | - | - |
| Distribution of the financial result | - | 12 | - | - | - | - | - | -2,929 | -2,917 | - | -2,917 | - |
| Acquisition of equity shares | - | - | - | - | - | - | - | - | - | - | - | - |
| Sale of equity shares | - | -81 | 89 | - | - | - | - | - | 8 | - | 8 | - |
| Reclassification of the reserve capital to the initial capital | - | - | - | - | - | - | - | - | - | - | - | - |
| Closing balance | 657 | 8,429 | -13 | - | - | - | - | 2,285 | 11,358 | - | 11,358 | - |

| Cash flow statement (indirect method) | Note | 30/06/2019 | 30/06/2018 |
|---|-------------|-------------------|-------------------|
| Cash flow from operating activities | | | |
| Gross profit/loss | | 155 | 95 |
| Adjustments for items: | | -228 | -96 |
| Share in net profit/loss of associates and joint ventures accounted for using the equity method | | - | - |
| Non-controlling interests | | - | - |
| Depreciation | | - | - |
| Goodwill impairment | | - | - |
| Foreign exchange profits/losses | | 5 | -19 |
| Interest expenses and revenues | | -9 | -3 |
| Dividend revenues | | - | - |
| Profit/loss on investing activities | | -12 | -12 |
| Movement in provisions | | - | - |
| Movement in inventory | | - | - |
| Movement in the balance of receivables and prepayments | | -124 | -51 |
| Movement in the balance of liabilities and accruals | | -66 | -4 |
| Income tax paid/refunded | | -18 | -11 |
| Other adjustments | | -4 | 4 |
| Net cash flows from operating activities | | -73 | -1 |
| Cash flows from investing activities | | | |
| Inflows from the sale of fixed assets and intangible assets | | - | - |
| Net inflows from the sale of associates and subsidiaries | | - | - |
| Inflows from the sale of financial assets | | - | - |
| Inflows relative to interest | | 5 | 4 |
| Inflows relative to dividends | | - | - |
| Repayment of borrowings granted | | - | 8 |
| Outflows on the acquisition of property, plant and equipment as well as intangible assets | | - | - |
| Net outflows on the acquisition of subsidiaries and associates | | - | - |
| Outflows on the acquisition of short-term financial assets | | - | - |
| Borrowings granted | | - | 206 |
| Other | | - | - |
| Net cash flows from investing activities | | 5 | -194 |
| Cash flows from financing activities | | | |
| Inflows from loans and borrowings | | - | - |
| Net inflows from the issue of shares | | - | - |
| Net inflows from the issue of bonds, bills of exchange and bills | | - | - |
| Repayment of loans and borrowings | | - | 10 |

| | | | |
|--|--|------------|--------------|
| Payments of financial lease liabilities | | - | - |
| Dividends paid out to the Company's shareholders | | - | - |
| Dividends paid to shareholders holding non-controlling interests | | - | - |
| Acquisition of equity shares | | - | - |
| Interest paid | | - | 4 |
| Other | | - | - |
| Net cash flows from financing activities | | - | -14 |
| Increase/decrease in cash and cash equivalents | | -68 | -209 |
| Opening balance of cash and cash equivalents as well as overdrafts | | 942 | 1,083 |
| <i>Foreign exchange gains/losses related to measurement of cash and cash equivalents as well as overdrafts</i> | | - | 10 |
| Closing balance of cash and cash equivalents as well as overdrafts | | 874 | 884 |

Selected notes

Note no. 1 – Property, plant and equipment

| PROPERTY, PLANT AND EQUIPMENT | FOR THE PERIOD ENDED 30 JUNE 2019 | | | | | |
|--|-------------------------------------|--------------------------|-------------------------|----------|-------|-------|
| | Land and perpetual usufruct of land | Buildings and structures | Machinery and equipment | Vehicles | Other | Total |
| Gross value at the beginning of the period | - | - | - | - | - | - |
| Increases | - | - | - | - | - | - |
| <i>acquisition</i> | - | - | - | - | - | - |
| <i>acquisition as a result of the combination of business entities</i> | - | - | - | - | - | - |
| <i>due to revaluation</i> | - | - | - | - | - | - |
| <i>other</i> | - | - | - | - | - | - |
| Decreases | - | - | - | - | - | - |
| <i>disposal</i> | - | - | - | - | - | - |
| <i>due to revaluation</i> | - | - | - | - | - | - |
| <i>due to reclassification to fixed assets held for sale</i> | - | - | - | - | - | - |
| <i>as part of the business transfer</i> | - | - | - | - | - | - |
| <i>other</i> | - | - | - | - | - | - |
| Allocated to discontinued operations | - | - | - | - | - | - |
| Internal reclassifications (+/-) | - | - | - | - | - | - |
| Gross value at the end of the period | - | - | - | - | - | - |
| Accumulated depreciation at the beginning of the period | - | - | - | - | - | - |
| depreciation for the period | - | - | - | - | - | - |
| other increases | - | - | - | - | - | - |
| decreases | - | - | - | - | - | - |
| Accumulated depreciation at the end of the period | - | - | - | - | - | - |

| | | | | | | |
|---|---|---|---|---|---|---|
| Impairment loss at the beginning of the period | - | - | - | - | - | - |
| Recognition of impairment loss in the period | - | - | - | - | - | - |
| Reversal of impairment loss in the period | - | - | - | - | - | - |
| Value taking into account accumulated depreciation and impairment loss at the end of the period | - | - | - | - | - | - |
| Adjustment for net foreign exchange differences on translation | - | - | - | - | - | - |
| Net value at the end of the period | - | - | - | - | - | - |

| PROPERTY, PLANT AND EQUIPMENT | FOR THE PERIOD ENDED 31 DECEMBER 2018 | | | | | |
|--|---------------------------------------|--------------------------|-------------------------|----------|-------|-------|
| | Land and perpetual usufruct of land | Buildings and structures | Machinery and equipment | Vehicles | Other | Total |
| Gross value at the beginning of the period | - | - | - | - | - | - |
| Increases | - | - | - | - | - | - |
| <i>acquisition</i> | - | - | - | - | - | - |
| <i>acquisition as a result of the combination of business entities</i> | - | - | - | - | - | - |
| <i>due to revaluation</i> | - | - | - | - | - | - |
| <i>other</i> | - | - | - | - | - | - |
| Decreases | - | - | - | - | - | - |
| <i>disposal</i> | - | - | - | - | - | - |
| <i>due to revaluation</i> | - | - | - | - | - | - |
| <i>due to reclassification to fixed assets held for sale</i> | - | - | - | - | - | - |
| <i>transfer of the business</i> | - | - | - | - | - | - |
| <i>other</i> | - | - | - | - | - | - |
| Allocated to discontinued operations | - | - | - | - | - | - |
| Internal reclassifications (+/-) | - | - | - | - | - | - |
| Gross value at the end of the period | - | - | - | - | - | - |

| | | | | | | |
|---|---|---|---|---|---|---|
| Accumulated depreciation at the beginning of the period | - | - | - | - | - | - |
| depreciation for the period | - | - | - | - | - | - |
| other increases | - | - | - | - | - | - |
| transfer of the business | - | - | - | - | - | - |
| decreases | - | - | - | - | - | - |
| Accumulated depreciation at the end of the period | - | - | - | - | - | - |
| Impairment loss at the beginning of the period | - | - | - | - | - | - |
| Recognition of impairment loss in the period | - | - | - | - | - | - |
| Reversal of impairment loss in the period | - | - | - | - | - | - |
| Value taking into account accumulated depreciation and impairment loss at the end of the period | - | - | - | - | - | - |
| Adjustment for net foreign exchange differences on translation | - | - | - | - | - | - |
| Net value at the end of the period | - | - | - | - | - | - |

As of 31 December 2018 and 30 June 2019 the Company does not own cars classified as property, plant and equipment under lease.

As of 31 December 2018 and 30 June 2019 the Company did not incur any expenditures on property, plant and equipment under construction.

Note no. 2 – Intangible assets

| INTANGIBLE ASSETS | FOR THE PERIOD ENDED 30 JUNE 2019 | | | | |
|--|-----------------------------------|----------------------------|----------|-------|-------|
| | Own development work | Intangible assets acquired | | | Total |
| | | Patents and trademarks | Licences | Other | |
| Gross value at the beginning of the period | - | - | - | - | - |
| Increases | - | - | - | - | - |
| <i>acquisition</i> | - | - | - | - | - |
| <i>own development work</i> | - | - | - | - | - |
| <i>acquisition as a result of the combination of business entities</i> | - | - | - | - | - |

| | | | | | |
|---|---|---|---|---|---|
| <i>due to revaluation</i> | - | - | - | - | - |
| <i>other</i> | - | - | - | - | - |
| Decreases | - | - | - | - | - |
| <i>decommissioning</i> | - | - | - | - | - |
| <i>liquidation</i> | - | - | - | - | - |
| <i>disposal</i> | - | - | - | - | - |
| <i>due to revaluation</i> | - | - | - | - | - |
| <i>due to reclassification to fixed assets held for sale</i> | - | - | - | - | - |
| <i>transfer of the business</i> | - | - | - | - | - |
| <i>other</i> | - | - | - | - | - |
| Gross value at the end of the period | - | - | - | - | - |
| Accumulated depreciation at the beginning of the period | - | - | - | - | - |
| depreciation for the period | - | - | - | - | - |
| other increases | - | - | - | - | - |
| transfer of the business | - | - | - | - | - |
| decreases | - | - | - | - | - |
| Accumulated depreciation at the end of the period | - | - | - | - | - |
| Impairment loss at the beginning of the period | - | - | - | - | - |
| Recognition of impairment loss in the period | - | - | - | - | - |
| Reversal of impairment loss in the period | - | - | - | - | - |
| Value taking into account accumulated depreciation and impairment loss at the end of the period | - | - | - | - | - |
| Adjustment for net foreign exchange differences on translation | - | - | - | - | - |
| Net value at the end of the period | - | - | - | - | - |

| INTANGIBLE ASSETS | FOR THE PERIOD ENDED 31 DECEMBER 2018 | | | | |
|--|---------------------------------------|----------------------------|----------|-------|-------|
| | Own development work | Intangible assets acquired | | | Total |
| | | Patents and trademarks | Licences | Other | |
| Gross value at the beginning of the period | - | - | - | - | - |
| Increases | - | - | - | - | - |
| <i>acquisition</i> | - | - | - | - | - |
| <i>own development work</i> | - | - | - | - | - |
| <i>acquisition as a result of the combination of business entities</i> | - | - | - | - | - |
| <i>due to revaluation</i> | - | - | - | - | - |
| <i>other</i> | - | - | - | - | - |
| Decreases | - | - | - | - | - |
| <i>decommissioning</i> | - | - | - | - | - |
| <i>liquidation</i> | - | - | - | - | - |
| <i>disposal</i> | - | - | - | - | - |
| <i>due to revaluation</i> | - | - | - | - | - |
| <i>due to reclassification to fixed assets held for sale</i> | - | - | - | - | - |
| <i>transfer of the business</i> | - | - | - | - | - |
| <i>other</i> | - | - | - | - | - |
| Gross value at the end of the period | - | - | - | - | - |
| Accumulated depreciation at the beginning of the period | - | - | - | - | - |
| depreciation for the period | - | - | - | - | - |
| other increases | - | - | - | - | - |
| transfer of the business | - | - | - | - | - |
| decreases | - | - | - | - | - |
| Accumulated depreciation at the end of the period | - | - | - | - | - |
| Impairment loss at the beginning of the period | - | - | - | - | - |
| Recognition of impairment loss in the period | - | - | - | - | - |

| | | | | | |
|---|---|---|---|---|---|
| Reversal of impairment loss in the period | - | - | - | - | - |
| Value taking into account accumulated depreciation and impairment loss at the end of the period | - | - | - | - | - |
| Adjustment for net foreign exchange differences on translation | - | - | - | - | - |
| Net value at the end of the period | - | - | - | - | - |

The Company does not hold any intangible assets with indefinite periods of use.

Note no. 3 – Investments in associates measured with the equity method

Condensed financial information in entities measured with the equity method, not adjusted for the Group's share.

| Entity name: | 30/06/2019 | 31/12/2018 |
|---|------------|------------|
| Share in the associate's balance sheet | - | - |
| Non-current (long-term) assets | - | - |
| Current (short-term) assets | - | - |
| Non-current liabilities | - | - |
| Current liabilities | - | - |
| Net assets | - | - |
| Share in the associate's revenues and financial result: | - | - |
| Revenues | - | - |
| Profit/loss | - | - |
| Carrying value of investments in the associate | - | - |

The Issuer does not hold shares in associates that are measured using the equity method.

Note no. 4 – Financial assets available for sale

| FINANCIAL ASSETS AVAILABLE FOR SALE | 30/06/2019 | 31/12/2018 |
|--|------------|------------|
| Shares of listed companies at the beginning of the period | - | - |
| At the beginning of the period in subsidiaries, of which: | - | - |
| at acquisition price | - | - |
| a) increases | - | - |
| reclassification from group of entities | - | - |
| purchase | - | - |

| | | |
|--|---|---|
| measurement | - | - |
| b) decreases | - | - |
| reclassification to group of entities | - | - |
| sale | - | - |
| measurement | - | - |
| At the end of the period in subsidiaries | - | - |
| In associates, at the beginning of the period, of which: | - | - |
| at acquisition price | - | - |
| a) increases | - | - |
| reclassification from group of entities | - | - |
| purchase | - | - |
| measurement, of which: | - | - |
| reversal of fair value measurement of shares sold | - | - |
| balance sheet measurement to fair value | - | - |
| b) decreases | - | - |
| reclassification to group of entities | - | - |
| sale | - | - |
| measurement, of which: | - | - |
| a) reversal of fair value measurement of shares sold | - | - |
| b) balance sheet measurement to the fair value | - | - |
| At the end of the period in associates | - | - |
| At the beginning of the period in other entities, of which: | - | - |
| at acquisition price | - | - |
| a) increases | - | - |
| reclassification from group of entities | - | - |
| purchase | - | - |
| measurement, of which | - | - |
| reversal of fair value measurement of shares sold | - | - |
| balance sheet measurement to fair value | - | - |
| b) decreases | - | - |
| reclassification to group of entities | - | - |
| sale | - | - |
| measurement | - | - |
| At the end of the period in other entities | - | - |
| Shares of companies listed on the Stock Exchange at the end of the period | - | - |
| in subsidiaries, of which: | - | - |
| at acquisition price | - | - |
| in associates, of which: | - | - |

| | | |
|------------------------------|---|---|
| at acquisition price | - | - |
| in other entities, of which: | - | - |
| at acquisition price | - | - |

| | | |
|--|--------------|--------------|
| Shares of non-listed companies at the beginning of the period | 9,701 | 9,701 |
| At the beginning of the period in subsidiaries, of which: | 9,701 | 9,701 |
| at acquisition price | 9,701 | 9,701 |
| a) increases | - | - |
| reclassification from group of entities | - | - |
| purchase | - | - |
| transfer of business | - | - |
| reclassification from the borrowing granted previously | - | - |
| measurement reversal | - | - |
| b) decreases | - | - |
| reclassification to group of entities | - | - |
| sale | - | - |
| transfer of business | - | - |
| measurement | - | - |
| At the end of the period in subsidiaries | 9,701 | 9,701 |
| At the beginning of the period in associates, of which: | - | - |
| at acquisition price | - | - |
| a) increases | - | - |
| reclassification from group of entities | - | - |
| purchase | - | - |
| measurement, of which: | - | - |
| reversal of fair value measurement of shares sold | - | - |
| balance sheet measurement to fair value | - | - |
| b) decreases | - | - |
| reclassification to group of entities | - | - |
| sale | - | - |
| measurement, of which: | - | - |
| a) reversal of fair value measurement of shares sold | - | - |
| b) balance sheet measurement to the fair value | - | - |
| At the end of the period in associates | - | - |
| At the beginning of the period in other entities, of which: | - | - |
| at acquisition price | - | - |
| a) increases | - | - |
| reclassification from group of entities | - | - |

| | | |
|--|--------------|--------------|
| purchase | - | - |
| measurement, of which | - | - |
| reversal of fair value measurement of shares sold | - | - |
| balance sheet measurement to fair value | - | - |
| b) decreases | - | - |
| reclassification to group of entities | - | - |
| sale | - | - |
| measurement | - | - |
| At the end of the period in other entities | - | - |
| Shares of companies not listed on the stock exchange at the end of the period | 9,701 | 9,701 |
| in subsidiaries, of which: | 9,701 | 9,701 |
| at acquisition price | 9,701 | 9,701 |
| in associates, of which: | - | - |
| at acquisition price | - | - |
| in other entities, of which: | - | - |
| at acquisition price | - | - |
| Total shares | 9,701 | 9,701 |
| Shares of companies listed on the stock exchange | - | - |
| Shares of companies not listed on the stock exchange | 9,701 | 9,701 |

WRITE-DOWNS ON FINANCIAL ASSETS AVAILABLE FOR SALE FOR THE PERIOD ENDED 30/06/2019

| Entity name | Opening balance | Increases | Decreases | Closing balance |
|--------------------------|-----------------|-----------|-----------|-----------------|
| - | - | - | - | - |
| - | - | - | - | - |
| Total write-downs | - | - | - | - |

WRITE-DOWNS ON FINANCIAL ASSETS AVAILABLE FOR SALE FOR THE PERIOD ENDED 31/12/2018

| Entity name | Opening balance | Increases | Decreases | Closing balance |
|--------------------------|-----------------|-----------|-----------|-----------------|
| - | - | - | - | - |
| - | - | - | - | - |
| Total write-downs | - | - | - | - |

Note no. 5 – Borrowings granted

| BORROWINGS GRANTED | | | | | | | | |
|--|------------------|---------------|----------------|---------------|------------|--|------------|----------|
| Long-term | Borrowing amount | Interest rate | Repayment date | Balance as of | | Interest accrued from the beginning of the financial year to | | Security |
| | | | | 30/06/2019 | 31/12/2018 | 30/06/2019 | 30/06/2018 | |
| <i>Borrowings granted to related parties</i> | | | | | | | | |
| Quantum Brasil | 476 | 2% | 31/12/2019 | - | - | 5 | 3 | - |
| Qcadoo Limited sp. z o.o. | 30 | 2%+6MWIBOR | 31/12/2019 | - | - | - | 1 | - |
| <i>Borrowings granted to other entities</i> | | | | | | | | |
| - | - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - | - |
| TOTAL: | | | | - | - | 5 | 4 | |

| BORROWINGS GRANTED | | | | | | | | |
|--|------------------|---------------|----------------|---------------|------------|--|------------|----------|
| Short-term | Borrowing amount | Interest rate | Repayment date | Balance as of | | Interest accrued from the beginning of the financial year to | | Security |
| | | | | 30/06/2019 | 31/12/2018 | 30/06/2019 | 30/06/2018 | |
| <i>Borrowings granted to related parties</i> | | | | | | | | |
| - | - | - | - | - | - | - | - | - |
| <i>Borrowings granted to</i> | | | | | | | | |

| | | | | | | | | |
|-----------------------|---|---|---|---|---|--|--|---|
| <i>other entities</i> | | | | | | | | |
| other entities | - | - | - | - | - | | | - |
| TOTAL: | | | | - | - | | | |

Currently, the Issuer holds receivables from the following borrowings:

1. A borrowing granted to Qcadoo Limited in 2015. The principal was PLN 30,000.00 and the interest rate was 2% + 6M WIBOR. The entire borrowing with the interest thereon was repaid in 2018.
2. As of 30/06/2019 the principal of the borrowings granted to Quantum Brasil in 2017 and 2018 is PLN 423,075.20 while the interest accrued thereon amounts to PLN 4,355.41. A write-down was created for the amount of PLN 221,582.67.

Note no. 6 – Other receivables and prepayments

| OTHER RECEIVABLES AND PREPAYMENTS | 30/06/2019 | 31/12/2018 |
|---|------------|------------|
| Receivables from subsidiaries: | - | - |
| - non-current portion | - | - |
| - current portion | - | - |
| Receivables from related parties: | - | - |
| - non-current portion | - | - |
| - current portion | - | - |
| Advance payments: | - | 7 |
| - non-current portion | - | - |
| - current portion | - | 7 |
| Other receivables: | 10 | 11 |
| - non-current portion | - | - |
| - current portion | 10 | 11 |
| Prepayments: | 22 | 12 |
| - non-current portion | - | - |
| - current portion | 22 | 12 |
| Impairment losses at the beginning of the period | - | - |
| Recognition of impairment losses in the period | - | - |
| Reversal of impairment loss in the period | - | - |
| Impairment losses at the end of the period | - | - |
| TOTAL | 32 | 30 |

Other receivables comprise:

| | | |
|---|---|---|
| - security deposits paid | - | - |
| - salaries and wages | - | - |
| - other employee settlements | - | - |
| - input VAT to be settled in future periods | 1 | 2 |
| - output VAT on corrective invoices to be settled in future periods | 4 | 3 |
| - VAT | - | - |
| - income tax on remunerations - overpayment | - | - |
| - settlements with a brokerage house related to redemption of equity shares | 5 | 5 |
| - other settlements with suppliers | - | - |
| - other receivables | - | 1 |

| | | |
|---------------|-----------|-----------|
| TOTAL: | 10 | 11 |
|---------------|-----------|-----------|

Prepayments and accruals include:

| | | |
|---|-----------|-----------|
| - settlement of long-term contracts | - | - |
| - inter-period cost settlement | - | - |
| - other prepayments | - | - |
| - property insurance | 17 | 12 |
| - contributions to the Company Social Benefit Fund (ZFSS) | - | - |
| - prepaid subscriptions, etc. | 5 | - |
| - settlement of VAT related to lease contracts to be settled in subsequent periods - within 12 months | - | - |
| - settlement of VAT related to lease contracts to be settled in subsequent periods – above 12 months | - | - |
| | <hr/> | |
| TOTAL: | 22 | 12 |

Note 7 – Inventory

| INVENTORY | Balance as of 30/06/2019 | | | | |
|--|--------------------------|------------------|----------------|-------|-------|
| | Materials | Work in progress | Finished goods | Goods | Total |
| Measurement at the acquisition price/cost of manufacturing | - | - | - | - | - |
| <i>Measurement at net realisable value</i> | - | - | - | - | - |
| Write-downs on inventory at the beginning of the period | - | - | - | - | - |
| Reversal of write-downs on inventory recognised as decrease in these write-downs in the period | - | - | - | - | - |
| Write-downs on inventory recognised as cost in the period | - | - | - | - | - |
| Write-downs on inventory at the end of the period | - | - | - | - | - |
| <i>Value of inventory recognised as cost in the period</i> | - | - | - | - | - |
| Carrying value of inventory | - | - | - | - | - |
| <i>Value of inventory securing liabilities</i> | - | - | - | - | - |
| <i>Of which the long-term portion</i> | - | - | - | - | - |

| INVENTORY | Balance as of 31/12/2018 | | | | |
|--|--------------------------|------------------|----------------|-------|-------|
| | Materials | Work in progress | Finished goods | Goods | Total |
| Measurement at the acquisition price/cost of manufacturing | - | - | - | - | - |
| <i>Measurement at net realisable value</i> | - | - | - | - | - |
| Write-downs on inventory at the beginning of the period | - | - | - | - | - |
| Reversal of write-downs on inventory recognised as decrease in these write-downs in the period | - | - | - | - | - |
| Write-downs on inventory recognised as cost in the period | - | - | - | - | - |
| Write-downs on inventory at the end of the period | - | - | - | - | - |
| <i>Value of inventory recognised as cost in the period</i> | - | - | - | - | - |
| Carrying value of inventory | - | - | - | - | - |
| <i>Value of inventory securing liabilities</i> | - | - | - | - | - |
| <i>Of which the long-term portion</i> | - | - | - | - | - |

As of 31 December 2018 and 30 June 2019 the Company did not hold any goods for resale.

Note no. 8 – Trade receivables

| TRADE RECEIVABLES | 30/06/2019 | 31/12/2018 |
|---|------------|------------|
| Trade receivables from related parties | 76 | 74 |
| Trade receivables from other entities | 140 | 83 |
| Total receivables | 216 | 157 |
| Allowances for trade receivables | - | - |
| Net trade receivables | 216 | 157 |

| AGE STRUCTURE OF TRADE RECEIVABLES | Gross value | Write-down | Gross value | Write-down |
|------------------------------------|-------------|------------|-------------|------------|
| | 30/06/2019 | | 31/12/2018 | |
| performing | 118 | - | 145 | - |
| Overdue up to 3 months | 42 | - | 12 | - |
| Overdue between 3 and 6 months | 56 | - | - | - |
| Overdue between 6 and 12 months | - | - | - | - |
| Overdue over 1 year | - | - | - | - |
| Total | 216 | - | 157 | - |

| MOVEMENT IN WRITE-DOWNS | 30/06/2019 | 31/12/2018 |
|-------------------------|------------|------------|
| Opening balance | - | - |
| Increases | - | - |
| Decreases | - | - |
| Closing balance | - | - |

As of 31 December 2018 and 30 June 2019 the Company did not have any write-downs.

Note no. 9 – Cash and cash equivalents

| CASH AND CASH EQUIVALENTS | 30/06/2019 | 31/12/2018 |
|--|------------|------------|
| Cash at bank and in hand | 51 | 83 |
| Short-term deposits | 823 | 859 |
| Total, of which: | 874 | 942 |
| - cash in bank and cash at hand allocated to discontinued operations | - | - |
| - cash in bank and at hand not available for use by the Group | - | - |

As of 30 June 2019 cash at Quantum software S.A decreased by PLN 68,461.83.

In H1, 2019 the Company invested cash in short-term deposits bearing a fixed annual rate of 1.4%.

Moreover, the Issuer has cash in a money market open-ended fund, disclosed in the statement of financial position under other financial assets.

Note no. 10 – Initial capital

| INITIAL CAPITAL | | As of 30/06/2019 | | | | | |
|--------------------------------|------------------------|--------------------|---|------------------|--|-------------------|-----------------------------|
| Series/issue | Type of shares | Type of preference | Type of restriction on the rights to shares | Number of shares | Value of category/issue according to par value | Registration date | Right to dividend (as from) |
| Series A | Registered shares | Available | None | 750,000 | 375,000 | 07/03/1997 | 1997 |
| Series B | Ordinary bearer shares | None | None | 84,113 | 42,057 | 02/08/2007 | 2007 |
| Series C | Ordinary bearer shares | None | None | 470,000 | 235,000 | 11/09/2007 | 2007 |
| Series D | Ordinary bearer shares | None | None | 10,757 | 5,379 | 11/05/2011 | 2011 |
| Total number of shares | | | | 1,314,870 | | | |
| Total share capital | | | | | 657,435 | | |
| <i>Nominal value per share</i> | | | | | <i>0.50</i> | | |

| Shareholders | Number of shares | % of capital |
|---------------------|------------------|--------------|
| Minvesta sp. z o.o. | 952,912 | 72.47% |
| Tomasz Hatala | 40,414 | 3.07% |
| Bogusław Ożóg | 32,321 | 2.46% |
| Robert Dykacz | 16,179 | 1.23% |
| Marek Jędra | 10,327 | 0.79% |
| Tomasz Polończyk | 9,873 | 0.75% |
| Tomasz Mnich | 5,342 | 0.41% |
| Tomasz Mołata | 1,312 | 0.10% |
| Other | 246,190 | 18.72% |
| Total | 1.314.870 | 100% |

In July 2018, as a result of submitted offers, Quantum software SA equity shares were taken up by the aforementioned members of the management as appropriate. More details in Note no. 12.

Note no. 11 – Number of shares comprising the initial capital

| NUMBER OF SHARES COMPRISING THE INITIAL CAPITAL | 30/06/2019 | 31/12/2018 |
|--|------------------|------------------|
| Ordinary shares with a nominal value of PLN 0.50 | 1,314,870 | 1,314,870 |
| Total | 1,314,870 | 1,314,870 |

| CHANGES IN THE NUMBER OF SHARES | 30/06/2019 | 31/12/2018 |
|---|------------|------------|
| Ordinary shares issued and fully paid-up | | |
| At the beginning of the period | 1,314,870 | 1,314,870 |
| Redeemed | - | - |
| At the end of the period | 1,314,870 | 1,314,870 |
| Ordinary shares issued and not fully paid-up | | |
| At the beginning of the period | - | - |
| At the end of the period | - | - |
| Equity shares | | |
| At the beginning of the period | 954 | 14,930 |
| Buyback of equity shares from Quantum Qguar | - | - |
| Redemption of equity shares | - | - |
| Sale of shares to the senior management | - | -13,976 |
| At the end of the period | 954 | 954 |
| Shares | | |
| At the beginning of the period | - | - |
| At the end of the period | - | - |

| INITIAL CAPITAL | 30/06/2019 | 31/12/2018 |
|------------------------------|------------|------------|
| Nominal value per share | 0.50 | 0.50 |
| Initial capital value | 657 | 657 |

Note no. 12 – Equity shares

| EQUITY SHARES | | | |
|------------------|------------------|-----------------------------|--|
| As of 30-06-2019 | Number of shares | Value at acquisition prices | Purpose of acquisition |
| | 954 | 13 | Article 362 (1) (8) of the Commercial Companies Code |
| TOTAL | 954 | 13 | 0 |

In 2009–2014 a total of 14,390 equity shares of the Company were bought back for the purpose of the implementation of the Company’s incentive plan (hereinafter referred to as: “POM”) for its management staff. The authorisation for the Management Board to acquire equity shares was granted by way of Annual General Meeting Resolution no. 17 dated 18 May 2009 pursuant to Article 362 (1) (8) of the Commercial Companies Code, which expired on 18 May 2014.

As a result of failure to achieve business goals (referred to in POM), 14,930 equity shares were not allocated for the implementation of POM. Therefore, on 15 March 2013 the Supervisory Board adopted a resolution on suspending the POM. This plan introduced by the Company in 2008 was partially implemented and expired on 31 December 2013.

On 26 June 2017 the Annual General Meeting of Quantum software SA adopted Resolution no. 17 on the allocation of equity shares acquired by the Company between 2009 and 2014 in which it agreed to allocate 14,930 equity shares to persons belonging to the key management of the Company and Quantum software S.A. Capital Group’s companies, authorising the Supervisory Board of the Company to determine detailed parameters of the acquisition of the shares. The Company’s Supervisory Board determined detailed parameters of the acquisition of the shares by way of Resolution no. 2 of 6 September 2017 on the basis of the above mentioned authorisation granted by the Annual General Meeting. In a letter addressed to the Supervisory Board, the Management Board of Quantum software SA listed the key managers of the Company, including the number of shares allocated to each person.

On 26 June 2018 the Supervisory Board adopted a resolution on the allocation of equity shares in which it listed all persons, including the number of allocated shares, at the same time obliging the Management Board to submit offers for the acquisition of equity shares within 30 days as of the date of the AGM (referring to the financial year 2017). Appropriate offers were submitted and accepted by individual members of the management staff. As of 30/06/2019 there were 954 equity shares remaining, which are to be acquired by a member of the management staff in accordance with the offer.

Note no. 14 – Provisions

| PROVISIONS | | | | | |
|--|---------------------------------|--------------------------|--|------------------|-------|
| | For period ended 30 June 2019 | | | | |
| | Provisions for warranty repairs | Restructuring provisions | Provisions for employee and similar benefits | Other provisions | Total |
| Opening balance, of which | - | - | - | - | - |
| <i>Short-term, at the beginning of the period</i> | - | - | - | - | - |
| <i>Long-term, at the beginning of the period</i> | - | - | - | - | - |
| Increases | - | - | - | - | - |
| Established in the period and increase in the existing ones | - | - | - | - | - |
| Acquired as part of business combinations | - | - | - | - | - |
| Decreases | - | - | - | - | - |
| Used during the year | - | - | - | - | - |
| Released but not used | - | - | - | - | - |
| Transfer of business | - | - | - | - | - |
| Adjustment for net foreign exchange differences on translation | - | - | - | - | - |
| Discount rate adjustment | - | - | - | - | - |
| Closing balance, of which | - | - | - | - | - |
| <i>Short-term, at the end of the period</i> | - | - | - | - | - |
| <i>Long-term, at the end of the period</i> | - | - | - | - | - |

| PROVISIONS | | | | | |
|---|-----------------------------------|--------------------------|--|------------------|-------|
| | For period ended 31 December 2018 | | | | |
| | Provisions for warranty repairs | Restructuring provisions | Provisions for employee and similar benefits | Other provisions | Total |
| Opening balance, of which | - | - | - | - | - |
| <i>Short-term, at the beginning of the period</i> | - | - | - | - | - |
| <i>Long-term, at the beginning of the period</i> | - | - | - | - | - |
| Increases | - | - | - | - | - |
| Established in the period and increase in the existing ones | - | - | - | - | - |

| | | | | | |
|--|---|---|---|---|---|
| Acquired as part of business combinations | - | - | - | - | - |
| Decreases | - | - | - | - | - |
| Used during the year | - | - | - | - | - |
| Released but not used | - | - | - | - | - |
| Transfer of business | - | - | - | - | - |
| Adjustment for net foreign exchange differences on translation | - | - | - | - | - |
| Discount rate adjustment | - | - | - | - | - |
| Closing balance, of which | - | - | - | - | - |
| <i>Short-term, at the end of the period</i> | - | - | - | - | - |
| <i>Long-term, at the end of the period</i> | - | - | - | - | - |

As of 31/12/2018 and 30/06/2019 the Company did not establish any provisions.

Note no. 15 – Bank loans and borrowings

| LONG-TERM BANK LOANS AND BORROWINGS | | | 30/06/2019 | | 31/12/2018 | |
|-------------------------------------|-------------------------|----------------|--------------------|-------------------|--------------------|-------------------|
| Details | Effective interest rate | Repayment date | Short-term portion | Long-term portion | Short-term portion | Long-term portion |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | - |
| Total: | | | - | - | - | - |

| SHORT-TERM BANK LOANS AND BORROWINGS | | | 30/06/2019 | 31/12/2018 |
|--------------------------------------|-------------------------|----------------|------------|------------|
| Details | Effective interest rate | Repayment date | | |
| Borrowing from Quantum Qguar | - | - | - | |
| - | - | - | - | |
| - | - | - | - | |
| Total: | | | - | |

As of 31 December 2018 and 30 June 2019 there were no loan and borrowing agreements concluded by the parent company.

Note no. 16 – Other financial liabilities

| FINANCIAL LEASE LIABILITIES | | | | |
|---|--------------|-------------------------------|------------------|-------------------------------|
| FUTURE MINIMUM LEASE FEES AND NET PRESENT VALUE OF MINIMUM LEASE FEES | | | | |
| | 30 JUNE 2019 | | 31 DECEMBER 2018 | |
| | Minimum fees | Present value of minimum fees | Minimum fees | Present value of minimum fees |
| up to 1 year | - | - | - | - |
| from 1 to 5 years | - | - | - | - |
| over 5 years | - | - | - | - |
| Total | - | - | - | - |

As of 31 December 2018 and 30 June 2019 the parent company did not have any concluded lease contracts.

Note no. 17 – Trade liabilities

| TRADE LIABILITIES | 30/06/2019 | 31/12/2018 |
|---|------------|------------|
| Trade liabilities from related parties: | - | 55 |
| Trade liabilities from other entities | 13 | 20 |
| Total | 13 | 75 |

Note no. 18 – Other liabilities and accruals

| OTHER LIABILITIES AND ACCRUALS | 30/06/2019 | 31/12/2018 |
|--|--------------|------------|
| Liabilities to subsidiaries: | - | - |
| - non-current portion | - | - |
| - current portion | - | - |
| Liabilities from related parties: | - | - |
| - non-current portion | - | - |
| - current portion | - | - |
| Advance payments: | - | - |
| - non-current portion | - | - |
| - current portion | - | - |
| Other liabilities: | 1,106 | 19 |
| - non-current portion | - | - |
| - current portion | 1,106 | 19 |
| Accruals: | - | - |
| - non-current portion | - | - |
| - current portion | - | - |
| Deferred revenue: | - | - |
| - non-current portion | - | - |
| - current portion | - | - |
| Total, of which: | 1,106 | 19 |
| - non-current portion | - | - |
| - current portion | 1,106 | 19 |

Other liabilities comprise:

| | | |
|--|----|----|
| payroll tax | - | 7 |
| income tax | - | - |
| social security and health insurance | - | 1 |
| VAT | 15 | 11 |
| other taxes, customs, insurance and other benefits | - | - |
| payroll | - | - |

| | | |
|-------------------------------------|--------------|-----------|
| dividend | 1,091 | - |
| other liabilities | - | - |
| settlement of special purpose funds | - | - |
| TOTAL: | 1,106 | 19 |

Accruals include:

| | | |
|---|----------|----------|
| Settlement of long-term contracts | - | - |
| Other accruals | - | - |
| Turn-of-period costs | - | - |
| settlement of subsidy received – within 12 months | - | - |
| settlement of subsidy received – over 12 months | - | - |
| TOTAL: | - | - |

Note no. 19 – Revenues from the sale of products, goods and materials

| REVENUES FROM THE SALE OF PRODUCTS, GOODS AND MATERIALS | | | | | | |
|--|----------------------|------------|-------------------------|------------|------------|------------|
| | Continued operations | | Discontinued operations | | Total | |
| | 30/06/2019 | 30/06/2018 | 30/06/2019 | 30/06/2018 | 30/06/2019 | 30/06/2018 |
| Revenues from the sale of products | - | - | - | - | - | - |
| Revenues from the sale of services | 649 | 636 | - | - | 649 | 636 |
| Revenues from the sale of materials | - | - | - | - | - | - |
| Revenues from the sale of goods | 4 | - | - | - | 4 | - |
| TOTAL | 653 | 636 | - | - | 653 | 636 |
| of which: non-cash revenues from exchange of goods or services | - | - | - | - | - | - |

In 2019 comparable sales was recorded compared to the corresponding period of 2018.

Note no. 20 – Costs by type

| COSTS BY TYPE | 30/06/2019 | 30/06/2018 |
|--|-------------------|-------------------|
| Depreciation of fixed assets | - | - |
| Depreciation of intangible assets | - | - |
| Costs of employee benefits | 130 | 151 |
| Consumption of raw materials and materials | - | - |
| Outsourced services | 355 | 394 |
| Costs of taxes and charges | 13 | 1 |
| Other costs | 13 | 23 |
| Movement in the balance of products and work-in-progress | - | - |
| Value of goods sold | - | - |
| TOTAL | 511 | 569 |
| Selling costs | - | - |
| General and administrative expenses | 252 | 324 |
| Costs of products, goods and materials sold | 259 | 245 |
| TOTAL | 511 | 569 |

| COSTS OF EMPLOYEE BENEFITS | 30/06/2019 | 30/06/2018 |
|---|-------------------|-------------------|
| Payroll costs | 130 | 151 |
| Social security costs | - | - |
| Costs of defined contribution plans | - | - |
| Costs of defined benefit plans, of which: | - | - |
| Costs of other long-term employee benefits | - | - |
| Costs of benefits due to termination of employment relationship | - | - |
| Costs of retirement benefits | - | - |
| Other benefits | - | - |
| Other post-employment benefits | - | - |
| Costs of employee benefits in the form of equity shares | - | - |
| TOTAL | 130 | 151 |

| R&D COSTS | 30/06/2019 | 30/06/2018 |
|--|-------------------|-------------------|
| Depreciation | - | - |
| Consumption of raw materials and auxiliary materials | - | - |
| Outsourced services | - | - |
| Other costs | - | - |
| TOTAL | - | - |

Note no. 21 – Other revenues and costs

| OTHER REVENUES | 30/06/2019 | 30/06/2018 |
|--|-------------------|-------------------|
| State subsidies | - | - |
| Gain on the sale of property, plant and equipment | - | - |
| Reversal of impairment losses on receivables | - | - |
| Reversal of impairment losses on inventory | - | - |
| Reversal of impairment losses on intangible assets | - | - |
| Reversal of impairment losses on property, plant and equipment | - | - |
| Reversal of impairment losses on investment property | - | - |
| Release of other provisions | - | - |
| Release of provisions for the entity's restructuring costs | - | - |
| Compensations received | - | - |
| Adjustments of remunerations for previous year(s) | - | - |
| Refund of insurance policy premiums | - | - |
| Other operating revenues | - | - |
| Other | - | - |
| TOTAL | - | - |
| of which: non-cash revenues from exchange of goods or services | - | - |

| OTHER COSTS | 30/06/2019 | 30/06/2018 |
|--|-------------------|-------------------|
| Loss on the sale of property, plant and equipment | - | - |
| Provisions for guarantee repairs | - | - |
| Direct expenses (including renovation and maintenance) due to investment property rented out | - | - |
| Accumulated loss on revaluation of investment property to fair value | - | - |
| Impairment losses on receivables | - | - |
| Impairment losses on inventory | - | - |
| Impairment losses on intangible assets | - | - |
| Impairment losses on property, plant and equipment | - | - |
| Impairment losses on investment property | - | - |
| Provisions for the entity's restructuring costs | - | - |
| Other operating costs | 3 | - |
| Other | - | - |
| TOTAL | 3 | - |

Note no. 22 – Financial revenues and expenses

| FINANCIAL REVENUES | 30/06/2019 | 30/06/2018 |
|--|-------------------|-------------------|
| Revenues on account of interest | 9 | 6 |
| deposits | 4 | 4 |
| borrowings | 5 | 2 |
| Dividend revenues | - | - |
| Investment revenues | 12 | 11 |
| Foreign exchange gains | - | 18 |
| Other | - | - |
| Reversal of impairment losses on financial assets, of which: | 1 | - |
| assets available for sale | - | - |
| financial assets and liabilities measured at fair value through profit or loss | 1 | - |
| hedging instruments | - | - |
| Gains on movement in the fair value of financial instruments | - | - |
| assets available for sale | - | - |
| financial assets and liabilities measured at fair value through profit or loss | - | - |
| hedging instruments | - | - |
| TOTAL | 22 | 35 |

| FINANCIAL EXPENSES | 30/06/2019 | 30/06/2018 |
|---|-------------------|-------------------|
| Interest expenses, of which: | - | 3 |
| bank loans | - | - |
| borrowings | - | - |
| bonds | - | - |
| other | - | - |
| State budget interest | - | 3 |
| Financial expenses from financial lease contracts | - | - |
| Adjustment due to the discount of provisions to ... | - | - |
| Unrealised loss on a contract on ... | - | - |
| Cancellation of a borrowing and interest | - | - |
| Loss on the sale of financial assets | - | - |
| Foreign exchange losses | 6 | - |
| Impairment losses on financial assets, of which concerning: | - | 4 |
| assets available for sale | - | - |
| borrowings granted | - | 4 |
| hedging instruments | - | - |

| | | |
|--|----------|----------|
| Losses on changes in the fair value of financial instruments, of which: | - | - |
| assets available for sale | - | - |
| financial assets and liabilities measured at fair value through profit or loss | - | - |
| hedging instruments | - | - |
| TOTAL | 6 | 7 |

Note no. 23 – Income tax

| MAIN COMPONENTS OF TAX CHARGE/CREDIT IN THE STATEMENT OF COMPREHENSIVE INCOME | 30/06/2019 | 30/06/2018 |
|---|------------|------------|
| Current income tax disclosed in the income statement | 18 | 15 |
| Current income tax charge | 18 | 15 |
| Adjustments regarding current income tax brought forward | - | - |
| Deferred income tax disclosed in the income statement | -2 | 5 |
| Deferred tax charge/credit with respect to originating and reversing temporary differences | -2 | 5 |
| Deferred tax charge/credit with respect to changes in tax rates | - | - |
| Tax charge/credit disclosed in the income statement, of which: | 16 | 20 |
| - allocated to continued operations | -2 | 5 |
| - allocated to discontinued operations | - | - |
| Income tax related to items presented in other comprehensive income | - | - |
| Deferred tax charge/credit related to the revaluation of cash flow hedges | - | - |
| Deferred tax charge/credit with respect to the revaluation of property, plant and equipment | - | - |
| Tax charge/credit disclosed in the statement of comprehensive income | 16 | 20 |

| MAIN COMPONENTS OF TAX CHARGE/CREDIT IN THE STATEMENT OF CHANGES IN EQUITY | 30/06/2019 | 30/06/2018 |
|--|------------|------------|
| Current income tax | - | - |
| Deferred income tax | - | - |
| Tax charge/credit disclosed in the statement of changes in equity | - | - |

| RECONCILIATION OF INCOME TAX ON THE GROSS FINANCIAL RESULT BEFORE INCOME TAX DISCLOSED IN THE INCOME STATEMENT | 30/06/2019 | 30/06/2018 |
|---|-------------------|-------------------|
| Gross financial result before tax (continued and discontinued operations) | 155 | 95 |
| Tax rate (%) | 9.00% | 19.00% |
| Tax charge according to the applied tax rate | 14 | 18 |
| Adjustments regarding current income tax from previous years | - | - |
| Investment tax credits | - | - |
| Revaluation | - | - |
| Non-taxable revenues, of which | - | - |
| Interest accrued as of the balance sheet date | -2 | -3 |
| Balance sheet measurement | - | -4 |
| Subsidy settled in the current year | - | - |
| Reversal of write-down on revaluation of non-financial assets | - | - |
| Reversal of write-down on financial assets | - | -1 |
| Revenues (licences) taxed in previous years | - | - |
| Transfer of enterprise – deferred tax | - | - |
| Other | - | - |
| Tax revenues, of which: | - | - |
| Interest received in the current year but accrued in the previous years | - | - |
| Revenues added for tax purposes | 6 | - |
| Non-tax deductible costs, of which: | - | - |
| Depreciation accounted for the in the balance sheet | - | - |
| Contributions to the National Disabled Persons' Rehabilitation Fund (PFRON) | - | - |
| Measurement of employee benefits | - | - |
| Write-down on non-financial assets | - | - |
| Write-down on non-financial assets – inventory | - | - |
| Write-down on financial assets | - | 2 |
| Balance sheet measurement | 1 | - |
| Interest | - | 1 |
| Net value of non-financial non-current assets sold | - | - |
| Borrowing cancelled | - | - |
| No contribution to the Company Social Benefits Fund | - | - |
| Unpaid remuneration | - | - |
| Other | 2 | - |
| Tax expenses, of which: | - | - |
| Lease instalments | - | - |
| Tax depreciation | - | - |

| | | |
|---|-----------|-----------|
| Equalisation of the Company Social Benefit Fund (ZFSS) for previous years | - | - |
| Settlement of loss for previous years | -6 | -13 |
| Unsettled tax loss | - | - |
| Tax for previous years (adjustment) | - | 15 |
| Tax paid | 3 | - |
| Current tax loss | - | - |
| Deferred income tax assets due to a write-down on financial assets | - | - |
| Deferred income tax assets due to foreign exchange losses | - | 2 |
| Deferred income tax assets due to losses for previous years | -3 | 4 |
| Deferred income tax assets due to a write-down on non-financial assets | - | -1 |
| Deferred income tax assets due to interest accrued | - | - |
| Deferred income tax provisions due to temporary differences in the settlement of depreciation | - | - |
| Deferred income tax provisions due to interest accrued | 1 | 1 |
| Deferred income tax provisions due to foreign exchange gains | - | -1 |
| Tax charge/credit disclosed in the income statement | 16 | 20 |

| DEFERRED INCOME TAX | Statement of financial position | | Income statement | | Other comprehensive income | |
|---|---------------------------------|------------|------------------|------------|----------------------------|------------|
| | 30/06/2019 | 31/12/2018 | 30/06/2019 | 30/06/2018 | 30/06/2019 | 30/06/2018 |
| Deferred income tax provisions | | | | | | |
| Differences in the settlement of depreciation | - | - | - | - | - | - |
| Interest accrued | 4 | 2 | 2 | 1 | - | - |
| Foreign exchange differences | - | - | - | -1 | - | - |
| Rounding | - | - | - | - | - | - |
| Gross deferred income tax provisions | 4 | 2 | 2 | - | - | - |

| DEFERRED INCOME TAX | Statement of financial position | | Income statement | | Other comprehensive income | |
|--|---------------------------------|------------|------------------|------------|----------------------------|------------|
| | 30/06/2019 | 31/12/2018 | 30/06/2019 | 30/06/2018 | 30/06/2019 | 30/06/2018 |
| Deferred income tax assets | | | | | | |
| Foreign exchange differences | - | - | - | 2 | - | - |
| Losses from previous years | 6 | 3 | -3 | 4 | - | - |
| Write-down on non-financial assets | 2 | 1 | -1 | -1 | - | - |
| Write-down on non-financial assets – goods | - | - | - | - | - | - |

| | | | | | | |
|---|----------|----------|-----------|----------|----------|----------|
| Interest accrued | - | - | - | - | - | - |
| Rounding | - | - | - | - | - | - |
| Deductible tax loss | - | - | - | - | - | - |
| Gross deferred income tax assets | 8 | 4 | -4 | 5 | - | - |

Deferred income tax provisions and assets are established in relation to the occurrence of temporary differences between the value of assets and equity & liabilities disclosed in the books of account and their tax value.

Note no. 24 – Earnings per share

| EARNINGS PER SHARE | 30/06/2019 | 30/06/2018 |
|---|-------------------|-------------------|
| Net earnings for the reporting period attributable to: | 139 | 75 |

| WEIGHTED AVERAGE NUMBER OF ORDINARY SHARES | 30/06/2019 | 30/06/2018 |
|---|-------------------|-------------------|
| <i>in thousands of shares</i> | | |
| Weighted average number of shares at the beginning of the period | 1,314,870 | 1,314,870 |
| Weighted average number of ordinary shares at the end of the period | 1,314,870 | 1,314,870 |

| BASIC NET EARNINGS PER SHARE | 30/06/2019 | 30/06/2018 |
|--|-------------------|-------------------|
| on continued and discontinued operations | 0.11 | 0.06 |
| on continued operations | 0.11 | 0.06 |

Net earnings per share are calculated as the quotient of earnings attributable to the shareholders and the weighted average of the number of ordinary shares.

| WEIGHTED AVERAGE NUMBER OF ORDINARY SHARES (DILUTED) | 30/06/2019 | 30/06/2018 |
|--|-------------------|-------------------|
| <i>in thousands of shares</i> | | |
| Weighted average number of ordinary shares | 1,314,870 | 1,314,870 |
| Impact of conversion of convertible bonds on shares | - | - |
| Impact of the issue of options on shares | - | - |
| Weighted average number of ordinary shares at the end of the period (diluted) | 1,314,870 | 1,314,870 |

| DILUTED NET EARNINGS PER SHARE | 30/06/2019 | 30/06/2018 |
|--|-------------------|-------------------|
| on continued and discontinued operations | 0.11 | 0.06 |

| | | |
|-------------------------|------|------|
| on continued operations | 0.11 | 0.06 |
|-------------------------|------|------|

Diluted net earnings per share are calculated as the quotient of earnings attributable to the shareholders and the weighted average number of diluted ordinary shares.

Note no. 25 – Dividends

| DECLARED AND PAID IN THE REPORTING PERIOD | 30/06/2019 | 31/12/2018 |
|---|--------------|--------------|
| Dividend on ordinary shares: | | |
| Dividend paid | - | 2,919 |
| Declared dividend to be paid | 1,091 | - |
| Total | 1,091 | 2,919 |

| SUBMITTED FOR APPROVAL AT THE AGM (NOT RECOGNISED AS LIABILITIES AS OF THE BALANCE SHEET DATE) | 30/06/2019 | 31/12/2018 |
|--|------------|------------|
| Dividend on ordinary shares: | - | - |
| Total | - | - |

Note no. 26 – Information on operating segments

The Company does not identify product segments because it is not possible to identify assets and equity & liabilities corresponding to individual types of products and, consequently, the Company does not maintain records allowing for the identification of operating segments. The Company presents sales categorised into products, services and goods (note no. 19) and by geographical areas. The Company does not disclose any information on customer concentration as there is no such concentration at the Company.

| INFORMATION ON GEOGRAPHICAL AREAS | 30/06/2019 | |
|-----------------------------------|------------|--------------------|
| | Revenues | Non-current assets |
| Domestic sales | 653 | * |
| Total foreign sales | - | * |
| of which: | | |
| Germany | - | - |
| Ukraine | - | - |
| Russia | - | - |
| Hungary | - | - |
| Czech Republic | - | - |
| Spain | - | - |
| Other | - | - |
| TOTAL | 653 | - |

| INFORMATION ON GEOGRAPHICAL AREAS | 30/06/2018 | |
|-----------------------------------|------------|--------------------|
| | Revenues | Non-current assets |
| Domestic sales | 636 | * |
| Total foreign sales | - | * |
| of which: | | |
| Germany | - | - |
| Ukraine | - | - |
| Russia | - | - |
| Hungary | - | - |
| Czech Republic | - | - |
| Spain | - | - |
| Other | - | - |
| TOTAL | 636 | - |

* Non-current assets used in the entity's operating activities serve both to manufacture goods sold on the domestic and foreign markets.

| INFORMATION ON TYPES OF PRODUCTS, SERVICES AND GOODS | 30/06/2019 | 30/06/2018 |
|--|------------|------------|
| | Revenues | Revenues |
| Products – licences | 22 | - |
| Services – implementation | 120 | 115 |
| Services – maintenance | 177 | 191 |
| Services – individual projects and other services | 330 | 330 |
| Long-term contracts | - | - |
| Goods | 4 | - |
| TOTAL | 653 | 636 |

Note no. 27 – Transactions with related parties

| TRANSACTIONS WITH RELATED PARTIES | | | | |
|--|------------|------------|-------------|-------------|
| Parties to transaction | 30/06/2019 | | 30/06/2019 | |
| | Sales | Purchases | Receivables | Liabilities |
| Parent company | 330 | 259 | 76 | - |
| Capital Group's companies | - | - | - | - |
| Non-consolidated subsidiaries | - | - | - | - |
| Associates | - | - | - | - |
| Key management members | - | - | - | - |
| Other entities, including key management members | - | - | - | - |
| Total | 330 | 259 | 76 | - |

| TRANSACTIONS WITH RELATED PARTIES | | | | |
|--|------------|------------|-------------|-------------|
| Parties to transaction | 30/06/2018 | | 30/06/2018 | |
| | Sales | Purchases | Receivables | Liabilities |
| Parent company | 330 | 245 | 129 | 153 |
| Capital Group's companies | - | - | - | - |
| Non-consolidated subsidiaries | - | - | - | - |
| Associates | - | - | - | - |
| Key management members | - | - | - | - |
| Other entities, including key management members | - | - | - | - |
| Total | 330 | 245 | 129 | 153 |

| REMUNERATIONS OF KEY MANAGEMENT MEMBERS | 30/06/2019 | 30/06/2018 |
|--|------------|------------|
| Short-term employee benefits | - | - |
| Post-employment benefits | - | - |
| Other long-term benefits | - | - |
| Benefits due to termination of employment relationship | - | - |
| Employee benefits in the form of equity shares | - | - |
| Total | - | - |

| TRANSACTIONS BETWEEN QUANTUM SOFTWARE S.A. AND SUBSIDIARIES 30/06/2019 | | | |
|--|---------------------|--------------------------|---|
| Entity | Type of transaction | Transaction value in PLN | Transaction value in a foreign currency |

| | | | |
|-------------------------------------|-------------------------|-----|---|
| Quantum Qguar sp. z o.o. | Sale of services | 270 | - |
| Quantum Mobile Solutions sp. z o.o. | Sale of services | 60 | - |
| Quantum Qguar sp. z o.o. | Acquisition of services | 259 | - |

| TRANSACTIONS BETWEEN QUANTUM SOFTWARE S.A. AND SUBSIDIARIES 30/06/2018 | | | |
|--|---------------------------------------|--------------------------|---|
| Entity | Type of transaction | Transaction value in PLN | Transaction value in a foreign currency |
| Quantum Qguar sp. z o.o. | Sale of services | 270 | - |
| Quantum Mobile Solutions sp. z o.o. | Sale of services | 60 | - |
| Quantum Qguar sp. z o.o. | Acquisition of services | 245 | - |
| Quantum Brazil | Borrowing granted | 215 | EUR 47 |
| Quantum Qguar sp. z o.o. | Repayment of borrowing with interest | 10 | - |
| Qcadoo Limited sp. z o.o. | Repayment of portion of the borrowing | 8 | - |

Note no. 28 – Financial instruments

| FINANCIAL INSTRUMENTS – INTEREST RATE RISK – SENSITIVITY ANALYSIS | | | |
|---|----------------|--|----------------------------------|
| Balance as of 30/06/2019 | | | |
| | Carrying value | Increase/decrease by percentage points | Impact on gross financial result |
| Financial assets | 11,207 | - | - |
| Cash | 874 | - | - |
| Financial assets available for sale | 9,701 | - | - |
| Other financial assets | 632 | - | - |
| Borrowings granted | - | - | - |
| Financial liabilities | - | - | - |
| Bank loans and borrowings | - | - | - |
| Financial lease liabilities | - | - | - |
| Other financial liabilities | - | - | - |

| FINANCIAL INSTRUMENTS – INTEREST RATE RISK – SENSITIVITY ANALYSIS | | | |
|---|--|--|--|
| Balance as of 31/12/2018 | | | |

| | Carrying value | Increase/decrease by percentage points | Impact on gross financial result |
|-------------------------------------|----------------|--|----------------------------------|
| Financial assets | 11,263 | - | - |
| Cash | 942 | - | - |
| Financial assets available for sale | 9,701 | - | - |
| Other financial assets | 620 | - | - |
| Borrowings granted | - | - | - |
| Financial liabilities | - | - | - |
| Bank loans and borrowings | - | - | - |
| Financial lease liabilities | - | - | - |
| Other financial liabilities | - | - | - |

FINANCIAL INSTRUMENTS – CURRENCY RISK – SENSITIVITY ANALYSIS

| Balance as of 30/06/2019 | | | |
|------------------------------------|----------------|--|----------------------------------|
| | Carrying value | Exchange rate increase/decrease in percentage points | Impact on gross financial result |
| Financial assets | - | - | - |
| Cash in EUR | - | -1.00% | - |
| Cash in USD | - | - | - |
| Trade and other receivables in EUR | - | 0.00% | - |
| Financial liabilities | - | - | - |
| Overdrafts in EUR | - | - | - |
| Short-term loans in EUR | - | - | - |
| Trade liabilities in EUR | - | - | - |

FINANCIAL INSTRUMENTS – CURRENCY RISK – SENSITIVITY ANALYSIS

| Balance as of 31/12/2018 | | | |
|------------------------------------|-----------------------------------|--|----------------------------------|
| | Carrying value (thousands of PLN) | Exchange rate increase/decrease in percentage points | Impact on gross financial result |
| Financial assets | - | - | - |
| Cash in EUR | - | 3.00% | - |
| Cash in USD | - | - | - |
| Trade and other receivables in EUR | - | - | - |
| Financial liabilities | - | - | - |
| Overdrafts in EUR | - | - | - |
| Short-term loans in EUR | - | - | - |
| Trade liabilities in EUR | - | - | - |

| FAIR VALUE OF INDIVIDUAL CATEGORIES OF FINANCIAL INSTRUMENTS | | | | | |
|--|---|----------------|---------------|---------------|---------------|
| | Category in accordance with IAS 39* | Carrying value | | Fair value | |
| | | 30/06/2019 | 31/12/2018 | 30/06/2019 | 31/12/2018 |
| Financial assets | | 10,823 | 10,830 | 10,823 | 10,830 |
| Cash | Measured at fair value through the financial result | 874 | 942 | 874 | 942 |
| Trade and other receivables | Borrowings and receivables | 248 | 187 | 248 | 187 |
| Receivables on account of borrowings granted | Borrowings and receivables | - | - | - | - |
| Financial assets available for sale | Available for sale | 9,701 | 9,701 | 9,701 | 9,701 |
| Financial liabilities | | 1,119 | 94 | 1,119 | 94 |
| Financial lease liabilities | Financial liabilities at depreciated cost | - | - | - | - |
| Trade and other liabilities | Financial liabilities at depreciated cost | 1,119 | 94 | 1,119 | 94 |
| Short-term bank loans | Financial liabilities at depreciated cost | - | - | - | - |

* Categories in accordance with IAS 39: Available for sale, Held to maturity, Borrowings and receivables,

| ITEMS OF REVENUES, COSTS, PROFITS AND LOSS RECOGNISED IN THE STATEMENT OF COMPREHENSIVE INCOME, BROKEN DOWN INTO CATEGORIES OF FINANCIAL INSTRUMENTS | | | | | |
|--|---|---------------------------------|-------------------------------|---------------------------------|-----------------------|
| | Category in accordance with IAS 39* | FOR THE PERIOD ENDED 30/06/2019 | | | |
| | | Interest revenues/expenses | Foreign exchange gains/losses | Release/creation of write-downs | Gains/losses on sales |
| Financial assets | | 21 | -6 | 1 | - |
| Cash | Measured at fair value through the financial result | 4 | - | - | - |
| Trade and other receivables | Borrowings and receivables | - | - | - | - |

| | | | | | |
|-------------------------------------|---|----|----|---|---|
| Receivables from borrowings granted | Borrowings and receivables | 5 | -6 | 1 | - |
| Financial assets available for sale | Available for sale | 12 | - | - | - |
| Financial liabilities | | - | - | - | - |
| Financial lease liabilities | Financial liabilities at depreciated cost | - | - | - | - |
| Trade and other liabilities | Financial liabilities at depreciated cost | - | - | - | - |
| Short-term bank loans | Financial liabilities at depreciated cost | - | - | - | - |

ITEMS OF REVENUES, COSTS, PROFITS AND LOSS RECOGNISED IN THE STATEMENT OF COMPREHENSIVE INCOME, BROKEN DOWN INTO CATEGORIES OF FINANCIAL INSTRUMENTS

| | FOR THE PERIOD ENDED 30/06/2018 | | | | |
|-------------------------------------|---|----------------------------|-------------------------------|---------------------------------|-----------------------|
| | Category in accordance with IAS 39* | Interest revenues/expenses | Foreign exchange gains/losses | Release/creation of write-downs | Gains/losses on sales |
| Financial assets | | 18 | 18 | -4 | - |
| Cash | Measured at fair value through the financial result | 4 | 10 | - | - |
| Trade and other receivables | Borrowings and receivables | - | -2 | - | - |
| Receivables from borrowings granted | Borrowings and receivables | 2 | 10 | -4 | - |
| Financial assets available for sale | Available for sale | 12 | - | - | - |
| Financial liabilities | | 3 | - | - | - |
| Financial lease liabilities | Financial liabilities at depreciated cost | - | - | - | - |
| Trade and other liabilities | Financial liabilities at depreciated cost | 3 | - | - | - |
| Short-term bank loans | Financial liabilities at depreciated cost | - | - | - | - |

Note no. 29 – Notes to the cash flow statement

| Notes to the cash flow statement | 30/06/2019 | 2018-06-30 |
|---|-------------|------------|
| Foreign exchange gains (losses) disclosed in the cash flow statement result from the following items: | 5 | -19 |
| - foreign exchange gains/losses due to measurement of cash | - | -10 |
| - unrealised foreign exchange gains/losses on loans and borrowings | 5 | -9 |
| - realised foreign exchange gains/losses on loans and borrowings | - | - |
| Interest and profit sharing (dividends) comprise: | -9 | -3 |
| - interest received on borrowings granted | - | - |
| - interest received on cash at bank and deposits | -4 | -4 |
| - interest received on lease instalments | - | - |
| - interest paid on loans | - | - |
| - interest paid on borrowings | - | - |
| - interest paid on debt securities | - | - |
| - interest paid on lease liabilities | - | - |
| - fees paid on debt securities | - | - |
| - dividends received | - | - |
| - interest accrued on borrowings granted | -5 | -2 |
| - interest accrued on loans and borrowings raised | - | - |
| - interest accrued on debt securities | - | - |
| - other interest | - | 3 |
| (Profit) loss from investing activities results from: | -12 | -12 |
| - revenues from the disposal of property, plant and equipment and of investment property | - | - |
| - revenues from the disposal of intangible assets | - | - |
| - prime costs of sale of property, plant and equipment and of investment property | - | - |
| - prime costs of sale of intangible assets | - | - |
| - costs of liquidation of property, plant and equipment | - | - |
| - revenues from disposal of shares | - | - |
| - prime costs of sale of shares | - | - |
| - other | -12 | -12 |
| Movement in receivables results from the following items: | -124 | -51 |
| - movement in the balance of current receivables resulting from the balance sheet | -124 | -51 |
| - movement in the balance of non-current receivables resulting from the balance sheet | - | - |
| - adjustment for movement in the balance of dividend receivables | - | - |
| - adjustment for movement in the balance of receivables from the disposal of property, plant and equipment and of investment property | - | - |

| | | |
|---|------------|------------|
| - adjustment for movement in the balance of receivables from the disposal of intangible assets | - | - |
| - adjustment for movement in the balance of receivables from disposal of financial investments (including shares) | - | - |
| - adjustment for movement in the balance of receivables from bank guarantee deposits | - | - |
| - other adjustments | - | - |
| Movement in liabilities, except for loans and borrowings, results from the following items: | -66 | -4 |
| - movement in the balance of current trade and other liabilities | 1,025 | 2,915 |
| - movement in the balance of other non-current liabilities | - | - |
| - adjustment for movement in liabilities against unpaid dividend | -1,091 | -2,919 |
| - adjustment for movement in the balance of liabilities from the acquisition of property, plant and equipment | - | - |
| - adjustment for movement in the balance of liabilities from the acquisition of financial assets | - | - |
| - adjustment for movement in lease liabilities | - | - |
| - adjustment for movement in liabilities from guarantees granted to subsidiaries | - | - |
| - other adjustments | - | - |
| Income tax paid | -18 | -11 |
| - income tax disclosed in the income statement | -16 | -20 |
| - adjustment for movement in the balance of deferred tax assets | -4 | 5 |
| - adjustment for movement in the balance of income tax receivables | - | 4 |
| - adjustment for movement in the balance of deferred tax provisions | 2 | - |
| - adjustment for movement in the balance of income tax liabilities | - | - |
| - adjustment for deferred tax on changes in equity | - | - |
| - income tax reimbursed | - | - |
| - income tax paid | - | - |
| “Other adjustments” comprise: | -4 | 4 |
| - revaluation of property, plant and equipment (positive valuation) | - | - |
| - revaluation of property, plant and equipment (write-down) | - | - |
| - revaluation of shares (positive valuation) | - | - |
| - revaluation of shares (write-down) | - | - |
| - revaluation of borrowings granted (write-down) | -1 | 4 |
| - revaluation of financial instruments | - | - |
| - revaluation of sureties | - | - |
| - conversion of cash deposits to financial assets | - | - |
| - other | -3 | - |
| Acquisition of property, plant and equipment and of intangible assets – investing activities | - | - |
| - movement in the balance of property, plant and equipment resulting from the balance sheet | - | - |

| | | |
|---|---|---|
| - movement in the balance of investment property resulting from the balance sheet | - | - |
| - movement in the balance of intangible assets resulting from the balance sheet | - | - |
| - movement in the balance of above assets in assets for sale | - | - |
| - depreciation for the reporting period resulting from the income statement | - | - |
| - prime costs of sale of fixed assets, investment property and intangible assets sold | - | - |
| - costs of liquidated fixed assets | - | - |
| - impairment loss/reversal of impairment loss on the above assets | - | - |
| - measurement of the above non-current assets | - | - |
| - other | - | - |
| - adjustment for advances on the purchase of fixed assets and intangible assets | - | - |
| - adjustment for investment liabilities (purchases) | - | - |
| - other adjustments | - | - |
| - transfer of assets in an organised part of the business to the new entity | - | - |

Note no. 30 – Remuneration of the parent company’s senior management

| Management Board of the parent company | 30/06/2019 | 31/12/2018 |
|---|------------|------------|
| Short-term employee benefits (remuneration and add-ons) | 120 | 260 |
| Jubilee awards and retirement severance pays | - | - |
| Post-employment benefits | - | - |
| Benefits due to termination of employment relationship | - | - |
| Employee benefits in the form of equity shares | - | - |
| Total | 120 | 260 |

| Supervisory Board of the parent company | 30/06/2019 | 31/12/2018 |
|---|------------|------------|
| Short-term employee benefits (remuneration and add-ons) | 10 | 28 |
| Jubilee awards and retirement severance pays | - | - |
| Post-employment benefits | - | - |
| Benefits due to termination of employment relationship | - | - |
| Employee benefits in the form of equity shares | - | - |
| Total | 10 | 28 |

| Other members of the senior management | 30/06/2019 | 31/12/2018 |
|---|------------|------------|
| Short-term employee benefits (remuneration and add-ons) | - | - |
| Jubilee awards and retirement severance pays | - | - |

| | | |
|--|---|---|
| Post-employment benefits | - | - |
| Benefits due to termination of employment relationship | - | - |
| Employee benefits in the form of equity shares | - | - |
| Total | - | - |

| | 30/06/2019 | 31/12/2018 |
|--|------------|------------|
| Management Board | 120 | 260 |
| Supervisory Board | 10 | 28 |
| Management Board – subsidiaries or associates | - | - |
| Supervisory Board – subsidiaries or associates | - | - |
| Total | 130 | 288 |
| Other members of the senior management | - | - |

Note no. 31 – Disclosures on the remuneration of the statutory auditor or the entity authorised to audit financial statements

| | 30/06/2019 | 31/12/2018 |
|---|------------|------------|
| Statutory audit of financial statements | 9 | 18 |
| Other attestation services | - | - |
| Tax consulting services | - | - |
| Other services | - | - |
| Total | 9 | 18 |

Note no. 32 – Capital management

| | 30/06/2019 | 31/12/2018 |
|--|---------------|---------------|
| Interest-bearing loans, borrowings and bonds | - | - |
| Trade liabilities and other liabilities | 1,119 | 94 |
| Less cash and cash equivalents | -874 | -942 |
| Net debt | 245 | -848 |
| Convertible preference shares | - | - |
| Equity capital | 10,403 | 11,358 |
| Reserve capitals on unrealised net profits | - | - |
| Total capital | 10,403 | 11,358 |
| Capital and net debt | 10,648 | 10,510 |
| Leverage ratio | 0.02 | -0.08 |

MANAGEMENT REPORT ON THE OPERATIONS OF THE ISSUER'S CAPITAL GROUP

1) General information

The parent company of the Capital Group is Quantum software S.A. (the "Company", "Issuer") with its registered office in Kraków at ul. Walerego Sławka 3A. The Company was entered in the Register of Entrepreneurs of the National Court Register Kraków – Śródmieście, 11th Commercial Division on 30 October 2002 under KRS number 0000136768; Polish Classification of Activities (PKD) 62.01Z. Software activities The Company's core business consists in holding activities.

| | |
|--|----------------|
| Statistical identification number (REGON): | 351243328 |
| Tax identification number (NIP): | 677-17-53-870 |
| National Court Register (KRS): | 0000136768 |
| Share capital paid in full: | PLN 657,435.00 |

Management Board:

| | |
|--|---------------|
| President of the Management Board | Tomasz Hatała |
| Vice-President of the Management Board | Bogusław Ożóg |
| Vice-President of the Management Board | Marek Jędra |
| Member of the Management Board | Tomasz Mnich |

Supervisory Board:

| | |
|--|-------------------|
| Chairman of the Supervisory Board | Leopold Kutyla |
| Deputy Chairman of the Supervisory Board | Tomasz Polończyk |
| Member of the Supervisory Board | Henryk Gaertner |
| Member of the Supervisory Board | Andrzej Ruciński |
| Member of the Supervisory Board | Marcin Buczkowski |

The semi-annual financial statements were prepared on the assumption that Quantum software S.A. Capital Group's companies would continue as a going concern in the foreseeable future.

2) Organisational structure of the Group as of 30/06/2019 – details of subsidiaries and related parties:

Apart from the parent company the Capital Group consists of the following entities:

1. Company name: Quantum East Sp. z o.o. – subsidiary

Registered office: Kraków
Address: Walerego Sławka 3a
National Court Register (KRS): 0000294284
Shareholders: 63.74% of shares are held by Quantum Qguar sp. z o.o.
Share capital fully paid-up: PLN 282,500.00

2. Company name: Quantum International Sp. z .o.o. – subsidiary in Ukraine

Registered office: Kiev
Address: Prospect Moskovskij
certificate No. 100107724
Shareholders: 100% of shares held by Quantum East
Share capital fully paid-up: USD 76,200

3. Company name: Quantum International Sp. z .o.o. – subsidiary in Russia

Registered office: Moscow
Address: Letnikovskaja 10, building no. 11
Certificate No. 1117746038035
Shareholders: 99% of shares are held by Quantum East
Share capital: RUB 1,200,000.00, fully paid-up

4. Company name: Quantum I-Services Sp. z o.o. – subsidiary

Registered office: Kraków
Address: Walerego Sławka 3A
National Court Register (KRS): 0000331050
Shareholders: 100% of shares are held by Quantum Qguar sp. z o.o.
Initial capital fully covered by a contribution in kind: PLN 1,500,000.00

5. Company name: Quantum Mobile Solutions Sp. z o.o. – subsidiary

Registered office: Kraków
Address: Walerego Sławka 3a
National Court Register (KRS): 0000297249
Shareholders: 100% of shares held by Quantum I- Services Sp. z o.o.
Share capital fully paid-up: PLN 6,000.00

6. Company name: Quantum Brasil Engenharia Em Software Ltda- ME. – subsidiary

Registered office: Brasilia/DF
Address: Condomínio Jardim Botânico, Etapa 01, quadra 02. Rua 01 lote 112 – loja 12, Lago Sul - Brasilia - DF - CEP 71.680-362
Register: 11.795.637/0001-38 and NIRE No. 53201627870
Shareholders: 85% of shares are held by Quantum Qguar sp. z o.o.
Share capital fully paid up: PLN 340,000.00

7. Company name: Quantum Qguar sp. z o.o. – subsidiary

Registered office: Kraków

Address: Walerego Sławka 3A

National Court Register (KRS): 0000516717

Shareholders: 100% of shares are held by Quantum software S.A.

Share capital covered by a contribution in kind in the amount of PLN 3,995,000.00, and with a contribution in cash in the amount of PLN 5,000.00

8. Qcadoo Limited sp. z o.o. – subsidiary

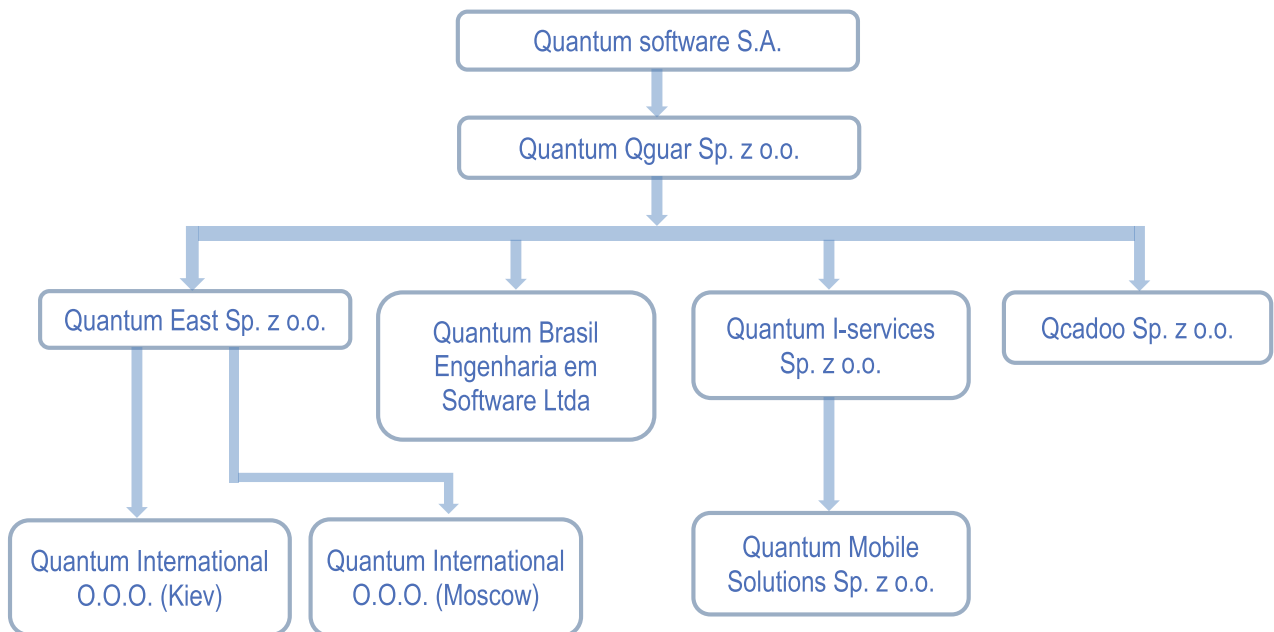
Registered office: Kraków

Address: Walerego Sławka 3A

National Court Register (KRS): 0000344950

Shareholders: 100% of shares are held by Quantum Qguar sp. z o.o.

Share capital: PLN 885,000.00, fully paid-up



3) Description of changes in the organisation of the Issuer's Capital Group, including as a result of business combinations, obtaining or losing control over subsidiaries and long-term investments, and also division, restructuring or discontinuation of operations and also an indication of entities subject to consolidation.

Quantum software S.A. – the parent company of the Group, after setting up Quantum Qguar sp. z o.o., at present it carries out mainly holding activities;

Quantum East Sp. z o.o. – a subsidiary of the Group; 63.74% of its shares are held by Quantum Qguar sp. z o. o. –of holding nature. Full consolidation method.

Quantum International Sp. z .o.o. (Ukraine) – a subsidiary of the Group in which Quantum East sp. z o.o. holds 100% of shares – the activity consists in selling and implementing IT solutions provided by Quantum software SA in Russian-speaking countries. Full consolidation method.

Quantum International Sp. z .o.o. (Russia) – a subsidiary of the Group in which Quantum East sp. z o.o. holds 99% of shares –the Company was established to focus on sale and implementation of IT solutions offered by Quantum software S.A. in Russia.

Quantum I- Services sp. z o.o. – a subsidiary of the Group in which Quantum Qguar sp. z o.o. holds 100% of shares – the company's business focus consists in selling licences, hardware and IT services not directly related to Quantum software S.A.'s own products (i.e. at present the Qguar product series). Full consolidation method.

Quantum Mobile Solutions Sp. z o.o. – a subsidiary of the Group in which Quantum I- Services sp. z o.o. holds 100% of shares – the business focus of the company consists in the development and sales of IT solutions for mobile devices. Full consolidation method.

Quantum Brasil Engenharia em Software Ltda- ME. – a subsidiary of the Group in which Quantum Qguar sp. z o.o. holds 85% of shares. The purpose of the company is to introduce the Quantum's offer to the market of the Federative Republic of Brazil. Full consolidation method.

Quantum Qguar sp. z o.o. - a subsidiary of the Group in which Quantum Software S.A. holds 100 % of shares. The company develops and implements IT systems. Full consolidation method.

Qcadoo Limited sp. z o.o. – a subsidiary of the Group in which Quantum Qguar sp. z o.o. holds 100% of shares – the Company engages in developing and delivering software supporting production management under the SaaS model. Full consolidation method.

In H1, 2019 there were no changes in the organisation of the Capital Group Quantum software SA.

4) Assessment of the Capital Group's basic economic and financial items

In H1, 2019 the Capital Group posted sales revenues of PLN 16,039 thousand whereas in the corresponding period of the previous year this figure stood at PLN 13,401 thousand.

The sale of licences and services related to the Company's own software (Qguar package) made up for 75.6% of total sales in H1, 2019 and increased by 12.6%, to PLN 12,132 thousand, compared to H1, 2018. Greater dynamics was observed in the sale of goods, which is of supplementary nature, however, and which results from unit transaction to a large extent.

EBITDA (operating profit plus depreciation) rose by 26% to PLN 1,761 thousand. The Group's net profit totalled PLN 1,105 thousand.

The growing difficulty in further improving profitability observed this year is created by pressure on increasing remunerations in the IT sector, which is one of main risk factors described hereinbelow.

The Issuer maintains a stable structure of financing current operations, which are based on financing by means of equity and current trade liabilities.

The current financing structure will not cause any risk of liquidity loss or imbalance.

Product structure of the Quantum Group

| | 01/01 - 30/06/2019 | % share | 01/01 - 30/06/2018 | % share |
|------------------------------------|--------------------|-------------|--------------------|-------------|
| Qguar licences and services | 12,132 | 75.6% | 10,772 | 80.4% |
| Goods | 3,645 | 22.7% | 2,232 | 16.6% |
| Other sales | 262 | 1.7% | 397 | 3.0% |
| Total | 16,039 | 100% | 13,401 | 100% |

Data in thousand PLN

Sales by markets

| | 01/01 - 30/06/2019 | % share | 01/01 - 30/06/2018 | % share |
|-----------------|--------------------|-------------|--------------------|-------------|
| Domestic | 13,438 | 83.8% | 11,546 | 86.2% |
| Abroad | 2,601 | 16.2% | 1,855 | 13.8% |
| Total | 16,039 | 100% | 13,401 | 100% |

Data in thousand PLN

5) Description of significant achievements or failures of the Issuer and the Capital Group in the period covered by the report and a list of major related events:

➤ **New customers acquired in Poland and abroad in H1, 2019:**

- UAB MV GROUP Logistics (Quantum Qguar)
- Wipasz SA (Quantum Qguar)
- Integer.pl SA (Quantum Qguar)
- TB Properties sp. z o.o. (Quantum Qguar)
- AST Swetotehnyka sp. z o.o. (Quantum International Ukraine)
- UKSNAB non-public joint-stock company (Quantum International Ukraine)

➤ **New contracts/implementations for existing customers:**

- Arhelan sp. z o.o. Limited partnership (Quantum Qguar)
- Logwin Polska sp. z o.o. (Quantum Qguar)
- Żabka Polska SA (Quantum Qguar)
- BLogistik GmbH (Quantum Qguar)
- Logwin Poland sp. z o.o. (Quantum Qguar)
- Dino Polska SA (Quantum Qguar)
- Pepco Poland sp. z o.o. (Quantum Qguar)
- Mueller Fabryka Świec SA (Quantum Qguar)
- DSV Road sp. z o.o. (Quantum Qguar)
- Frigo Logistics sp. z o.o. (Quantum Qguar)
- Epicentr K sp. z o.o. (Quantum International Ukraine)

6) Description of material risk factors and threats

Risk related to the macroeconomic situation

The Issuer's financial situation depends on the macroeconomic situation in Poland. The financial results achieved by the Company directly and indirectly depend on the GDP growth dynamics, inflation, national monetary and tax policy, business investments, household income and consumer demand. All the aforementioned factors, as well as the direction and level of changes influence the fulfilment of tasks assumed by the Issuer. Change in the economic growth means lower revenues of companies operating in particular regions and industries. Consequently, they will change their investment expenditures, including development through improvement or purchase of computer hardware and appropriate software. The Quantum Group entities, as IT systems providers, may directly experience the consequences of changes in the budgets allocated by companies to computerisation.

Risk of slowdown in the growth of particular segments in the IT sector in Poland related to technological changes in the sector

The value of the entire IT market comprises the sale of hardware, software and services. Each of these segments may develop faster or slower. The analyses of the IT hardware and service market show growth trends. The small saturation of Polish companies with modern technologies creates a fertile ground for the development of companies whose activities' focus is similar to that of the Quantum Group. However, this market is very sensitive to economic conjuncture fluctuations. At the time of an economic downturn, companies restrict their investment policies, including IT expenditure. Decreased demand for computer software entails the Company's obtaining lower sales results, substantially different from the

Management Board's forecasts. In such a case, the demand for the Company's products may decrease, which may entail decreasing the level of obtained sales revenue. Technological changes and frequent launches of new IT services are closely related to this sector. The product life cycle is short, while the expenditure on the product development is high. Consequently, the expenditure incurred for the product may not be covered by the sales revenue. Therefore, there is a risk that the decision to develop a particular product will be based on incorrect assumptions which do not satisfy current market needs and a risk that the product development cycle, i.e. software design, development and the test phase, may be longer than expected, and the respective market segment will already have been conquered by competitors. The monitoring of market needs performed by the company's own employees is aimed at the reduction of this risk. In addition, the cooperation of the Group's companies with computer hardware and software suppliers allows for ongoing monitoring of technological changes and innovations on the market.

Risk of increased competition

The IT market is currently at the phase of a dynamic growth. This situation attracts new providers of IT services that, attracted by high profits, increase the number of entities operating on the market. As a result, new companies offer products diversified in terms of price, functionality or advancement. This directly leads to a more competitive market environment, and the companies in the sector may be required to make higher expenditures on growth and advertising, and to reduce the current margin. Furthermore, large capacity of the Polish market and the fact that the level of informatisation is far from average European levels results in many global companies rendering similar services being interested in conducting business in Poland. The Group's companies have no influence on competitors' activities and products but they are able to maintain their market position owing to its experience.

Export risk

Quantum Group's companies sell mainly in Poland. However, these companies also enter into contracts with entities operating in other countries with different economic situation. The current large share of export to Ukraine in crisis stands at special risk. This year approx. 16% of the Company's sales revenue is obtained abroad. The value of contracts with foreign customers is usually denominated in the euro. Negative tendencies in the exchange rate of PLN to EUR may have a negative impact on the financial performance of the Group. A decrease in the value of EUR compared to PLN will trigger lower export revenues and lower profitability on export contracts.

Risk of contracts performed

Quantum Group's companies do not sell large number of easily installed programmes but they carry out large individual implementation projects of high level of complexity which usually require a few months' work of a team of specialists. A system which is implemented in a particular company must control very complex logistic processes and integrate them with all departments' operations in real time. Such circumstances result in a risk of faulty reproduction of processes and information flow in a company, a risk of extending the

duration of planned tasks, a risk of changes in the scope of works compared to the initially agreed plan. Decrease in the contract value, higher costs of contract performance compared to the expectations, contract termination or potential financial claims from the customer may have an adverse impact on the current financial situation of the Group's companies. These risks are mitigated through international experience, proprietary, standard product base and an experienced team of professionals.

Implementation risk

If the economic situation worsens, the IT systems' recipients limit their budget for investment due to uncertain macroeconomic situation. However, usually, the business industry does not allow them to lower the requirements regarding the systems or even triggers their growth. The above risks places suppliers at a disadvantage. The supplier must frequently react to growing demands of the customer during implementation. Sometimes it is necessary to change the assumptions or to reduce the remuneration. Currently, economic processes are becoming more complex; therefore, with no relevant knowledge, it is very easy to implement a system in a way that is non-optimal to the customer, which may result in a fall of goodwill and a necessity to perform modifications. Furthermore, customers often regard IT system suppliers as business consultants and require greater economic efficiency after the installation of IT solutions. There is a risk that, without proper analyses, such requirements may not be satisfied. Implementation effectiveness is one of the Group's goals. Implementation departments have multi-level implementation methods, reducing the probability of analytical errors.

Risk of delays in the development of new products

SCE-class original system, offered by majority of the Group's companies, supports complex logistics solutions, meeting the customer's and their environment's requirements. As an IT systems' supplier, the Group's companies must constantly extend their offer, introduce new functionalities and ensure data integrity. The competition and customers' requirements are constantly growing. As a result, there is a threat that new products that satisfy current requirements of the customers are introduced later than the products of the competitors and that other suppliers may win the market, leading to decreased sales revenue.

To prevent this, the Quantum Group's companies constantly carry out broad full-scale research and development works that, on one hand, aim at contributing to improvement our products, their quality, and on the other hand, to introduce new, competitive solutions.

Risk of short product life cycle

Innovativeness and pace of the appearance of new products in IT industry make it necessary to systematically update existing products, adjust them to changing equipment platforms and introduce new products. In the absence of sufficient technological base and well-qualified staff, there may be delays in updates and in the introduction of new products, making our offer less attractive. This may lead to a decrease in sales revenues, and, in consequence, a decrease in the generated profit. The Quantum Group's companies take steps to minimise this risk through constant development of our managers, to increase regularly, where possible, the number of highly qualified employees and to fund R&D works.

HR risk

The interest of competitors in capable and highly qualified personnel is constantly growing in the IT sector. IT companies, for which staff is the key production factor, are at risk of losing their key specialists. Companies constantly monitor the labour market, while the employees themselves are active as well. Such a situation leads to an increase in salaries and, in consequence, low economic returns. The Group's companies seek to provide attractive working conditions for their employees, including attractive incentive schemes.

Risk related to the seasonality and irregularity of revenues

The typical seasonal nature of the IT business, where maximum turnover is recorded in Q4 of a calendar year and is related to the end of the financial year and system upgrades, affects Quantum Group's companies only to a small extent. Turnover fluctuations between quarters are more connected with customer investment cycles than seasonality.

Risk of overdependence on key suppliers

In their operations, the Quantum Group's companies use equipment and software from external suppliers. Losing one of key suppliers may result in the interruption of supplies. The companies mitigate the risk by maintaining good relationships with strategic partners. An additional factor reducing the risk is collaboration with multiple suppliers, wherever possible.

Risk of overdependence on key customers

ABC analysis shows that group A (generating 66% of revenue) consists of about 25 entities, therefore, according to the Management Board, the risk of overdependence on key customers is not significant.

Risk related to changing legal regulations and instability of the tax system

Frequent changes in Polish law are also a threat to the operations of the Group's companies. Changes include tax regulations and interpretations, trade regulations and provisions of the labour law. Frequent changes in the regulations may have a negative impact on current operations, result in the cost increase and affect the financial results. Uncertainty about future changes obstructs the assessment of future events and the strategic decision making process. Entry into force of new law regulations may involve interpretation ambiguities, inconsistent decisions of the courts or unfavourable interpretations adopted by public administration (and tax) authorities. The Group's companies monitor draft amendments to the regulations on a regular basis and makes business decisions in consideration of the planned changes.

Foreign exchange risk

The Group's companies conclude export transactions in foreign currencies (mainly in EUR). Changing foreign currency to PLN exchange rates may result in worse-than-expected results. Foreign exchange rate variations affect the financial result through:

- changes in the value of export sales and costs expressed in PLN,
- realised foreign exchange differences occurring between the date of sales or purchase, and the date of payment of receivables or liabilities,
- unrealised foreign exchange differences from the valuation of settlements as at the balance sheet date.

Commercial transactions in foreign currencies on account of export are part of the Group's normal course of operations. Consequently, future cash flows on this account are exposed to changes in value resulting from foreign exchange fluctuations.

Risk connected with strategic investments

Major capital expenditures, in accordance with the accepted strategy, are related to introducing new products to new markets. It is an opportunity for development, but also means additional risks. Most of the Capital Group's companies are entering new markets. These are foreign markets with standard products of the Qguar package (Ukraine, Russia and Latin America) or the Polish market and new types of products and/or services. Except for the Ukrainian company (Quantum International z o.o.), the Group's companies have been operating for a few years and continue to compete for presence in their market segments. The generated revenue does not mean that these ventures will be successful. In particular, the risks are connected with the activity of subsidiaries in other countries and currently especially in Russia and in Latin America. These markets have enormous potential (definitely larger than the Polish market) but require high capital expenditures as well as long-term and consistent advertising. The risks are related to the instability of legal systems (Russia and Ukraine), varying levels of economic growth (e.g. Brazil saw a significant slowdown of economic situation in the past years) and a communication barrier (costs of communication, travels, legal and administrative expenses). A different type of risk is now connected with the investments incurred for the development of the Russian and Ukrainian company. It is related to the escalating military conflict between these countries, restriction of trade due to economic sanctions against Russia, reduction in investment demand in both countries, their ratings being lowered and currencies weakened. Unsatisfactory effects of investment activities may result in the need of changes in the Group's development strategy.

7) Description of factors and events, in particular unusual factors and events, with a considerable influence on the financial results:

The most serious factor that significantly affects the Group's financial results is a continuous economic downturn in the Russian and Ukrainian market in view of the ongoing conflict between these countries.

8) Notes on the seasonal or cyclical nature of the Issuer's business in the presented period:

The influence of seasonality on the Issuer's and the Group's performance remains as insignificant as in the previous periods.

9) Information on the issue, redemption and repayment of debt and equity securities:

In H1, 2019 Quantum software S.A. and its subsidiaries did not perform any share issues and they did not redeem or repay debt or equity securities either.

10) Information on the dividend paid or declared, in total and per share, broken down by equity and preference shares:

On 11 June 2019 the Annual General Meeting of Quantum software SA decided to earmark PLN 1,091,342.10 from the Company's profit for 2018 of PLN 2,180,369.75 for the payment of the dividend, and to earmark the remaining amount of PLN 1,089,027.65 for the supplementary capital. The dividend per share was PLN 0.83. The record day was set on 4 July 2019 and the date of dividend payment on 25 July 2019.

11) Events after the day as of which the condensed semi-annual financial statements were prepared, not included in these statements that could have a significant influence on the Issuer's future financial performance

On 26 June 2019 the subsidiary Quantum Qguar sp. z o.o. (in which the Issuer holds 100% of shares) adopted a resolution to pay out the dividend for 2018 in the amount of PLN 2,458,925.22 less the advance payment of PLN 800,000 (on which the Issuer reported in current report no. 11/2018). The dividend funds were credited to the Company's account in two tranches, i.e. on 31 July 2019 and 12 August 2019. The dividend payment had a significant impact on the Issuer's financial result. The Company reported on the dividend payment in current report no. 10/2019.

12) Information on changes in contingent liabilities or contingent assets that occurred after the end of the last financial year

In the reporting period there were no significant events resulting in the changes in contingent liabilities or contingent assets.

13) Position of the Management Board concerning the possibility of meeting previously published profit/loss forecasts for a given year, in the light of the results presented in the quarterly report in relation to the forecast profit/loss:

The Company did not publish any forecasts of its performance for 2019.

14) Identification of shareholders holding, directly or indirectly, through their subsidiaries, at least 5% of total votes at the Issuer's general meeting as at the semi-annual report submission date, including the number of shares held by such entities, their percentage share in the share capital, the number of resulting votes and their percentage share in the total votes at the general meeting and specification of changes in the ownership structure of substantial stakes of the Issuer's shares in the period following the publication of the previous periodic report:

Since 30 May 2019, i.e. the date of publishing the report for Q1, 2019, until the date of publishing these statements there were no changes in the volume of the Company's shares held by Minvesta sp. z o.o.

To the best of the Company's knowledge, as of 16 September 2019, i.e. the day of publication of the semi-annual report, the Company's principal shareholder is Minvesta Sp. z o.o. with its registered office in Kraków, holding 675,421 A series registered shares, which constitute a total of 51.37% of the company's share capital and carry 1,350,842 votes at the

General Meeting, which constitutes 67.87% of the total number of votes and holding 277,491 B bearer shares, which constitute a total of 21.10% of the company's share capital and carry 277,491 votes as the General Meeting of the company, which constitutes 13.94% of the total number of votes.

15) Volume of the Issuer's shares or rights thereto held by the Issuer's managers and supervisors as of the publication date of the semi-annual report, including changes in their ownership, in the period following the publication of the previous quarterly report, separately for every person:

The Company's Management Board (as of 16 September 2019)

| | |
|----------------------|--------|
| Tomasz Hatala | 40,414 |
| Bogusław Ożóg | 32,321 |
| Marek Jędra | 10,327 |
| Tomasz Mnich | 5,342 |

**Members of the Supervisory Board
holding the Company's shares
(as of 16 September 2019)**

| | |
|-------------------------|-------|
| Tomasz Polończyk | 9,873 |
|-------------------------|-------|

Since 30 May 2019, i.e. the date of publishing the report for Q1, 2019, until the date of publishing these statements there were no changes in the volume of the Company's shares held by the Management Board and the Supervisory Board.

16) Identification of significant proceedings pending before court, competent arbitration authority or public administration authority.

In the period covered by these financial statements the Company and its subsidiaries and associates did not initiate and were not a party to relevant proceedings before the court or a public administration authority.

17) Information on the conclusion by the Issuer of one or more transactions with related parties if they are material (separately or jointly) and if they were not arm's length transactions:

In the period in question the Company did not conclude any agreements on other than arm's length conditions with the related parties.

18) Information on the Issuer's or its subsidiaries' loan or borrowing guarantees or warranties granted jointly to a single entity or its subsidiary if the total value of the existing sureties or guarantees is significant:

In the period in question neither the Company nor its subsidiaries granted loan or borrowing sureties or guarantees jointly to a single entity or its subsidiary whose value is significant.

19) Other information that, in the Issuer's opinion, is significant in order to evaluate its human resources, assets, financial position, financial performance and changes thereof as well as any information considered significant in order to evaluate the Issuer's capacity to meet its obligations:

Apart from the information provided above, in the reporting period in question there were no other circumstances significant for the evaluation of the Issuer's human resources, assets, financial position, financial performance and the capacity to meet its obligations.

20) Identification of factors which, in the Issuer's opinion, will continue to influence the financial results for at least one quarter.

Factors which influence the Quantum software S.A. Capital Group's development in the subsequent quarter include factors independent of the Company itself, as well as internal factors which depend on Quantum software S.A. and the Capital Group's entities.

External factors include:

- the rate of economic growth and company investments in Poland,
- a currently difficult situation in the scope of availability and increasing remunerations of IT specialists, particularly in Kraków, where many companies from this sector, often considerably stronger in financial terms, carry out activities,
- consequences of the conflict and crisis in Ukraine and in Russia,
- impact of the Euro zone crisis on the economy of Poland and its neighbours,
- the economic growth rate in Latin America,
- extended decision-making process in the companies related to IT expenses,
- risk related to significant fluctuations of the PLN exchange rate against EUR,
- competitors' activities.

Internal factors which influence the Capital Group's development include:

- timely completion of works specified in the contracts whose implementation started in previous quarters in accordance with budgeted expenditure and contractual terms;
- successful and timely completion of development works with respect to new products and services;
- effective HR policy so as to eliminate the risk of turnover among qualified and skilled employees;

- effectiveness of marketing efforts in acquiring new contracts,
- efficient investment strategy in subsidiaries, in particular the success of applied methods of selling own products on foreign markets.

Kraków, 16 September 2019

**Signatures of the Members
of the Management Board:**

Tomasz Hatala

Bogusław Ożóg

Marek Jędra

Tomasz Mnich

**Signatures of the person responsible for
bookkeeping:**

Monika Kuś

Kraków, 16 September 2019.

Statement of the Management Board concerning the preparation of the financial statements

The Management Board of Quantum software S.A. declares that, to the best of their knowledge, the semi-annual condensed consolidated financial statements of Quantum software S.A. for the period between 1 January and 30 June 2019 and comparative data as well as the condensed consolidated financial statements of the Capital Group Quantum software S.A. for the period from 1 January and 30 June 2019 were prepared in compliance with the accounting principles in force and that they present a true, accurate and fair view of the Quantum software S.A. and the Capital Group's economic and financial situation and its financial results, and that the semi-annual report on the operations of Management Report presents a true and fair view of development and achievements of the Quantum software S.A. Capital Group and its situation, including basic threats and risks.

President of the Management Board Tomasz Hatala

Vice-President of the Management Board Bogusław Ożóg

Vice-President of the Management Board Marek Jędra

Member of the Management Board Tomasz Mnich