

Krakow, 29 April 2022

Letter from the President of the Management Board

Dear Sir/Madam,

On behalf of the Management Board of Quantum software S.A., I present this report on the Group's operations in 2021. As in 2020, there are still many factors attributable to the ongoing SARS-CoV-2 pandemic. In addition to introducing organisational changes (teleworking), we also had to confront a rapidly rising inflation and even faster growing salaries in the IT sector. Following strong performance in 2020, the bar was set high and we were under pressure to perform in the last year.

Last year brought a slight increase in revenue for the whole Group, reaching PLN 38.9 million, while in the key area of services and proprietary products we recorded a growth of around 4%. Sadly, as a consequence of spiralling costs, our profitability declined (PLN 3.2 million compared to PLN 6.2 million in 2020). The most significant factor in the rising costs was the increase in employment and salaries. Employment grew as a consequence of the implementation of long-term plans, which involved product development and new forms of product promotion, mainly abroad. A key factor in the cost increase was the managerial share issue decided upon by the General Shareholders' Meeting in 2019. It was valued at PLN 1.5 million and posted in the costs of employee benefits.

In 2022, we were confronted with an unprecedented situation – Russia's invasion of Ukraine. Since we have a significant presence on eastern markets (mainly Ukraine, but also Belarus accounts for several percent of the Group's revenue), we expect to be affected by the ramifications of this war. The consequences could be direct (although our Kiev company continues to operate – as do most of its Ukrainian customers) and indirect, such as effects on Poland's and global economy. We are already experiencing accelerating inflation and rising energy costs, but it is challenging to anticipate what the coming weeks and months will bring. Other cost drivers, such as the upward pressure on salaries, are unlikely to change. The year has been and will continue to be full of challenges, but I am confident that by diversifying our markets and sectors we will be able to ensure stability and pursue our growth plans.

Yours faithfully,

Tomasz Hatala

President of the Management Board