



**Management Report of
Quantum software S.A. Capital Group for the period
from 1 January to 31 December 2021**

Krakow, 29/04/2022

Basic principles adopted in the preparation of the Consolidated Financial Statements

The Consolidated Financial Statements of Quantum software S.A. Capital Group for 2021 were prepared in accordance with the IAS and comply with the International Financial Reporting Standards (IFRS) approved by the European Union, including the standards and interpretations published or adopted by the International Accounting Standards Board and by the standing Interpretations Committee of the IASB. These Consolidated Financial Statements of Quantum software S.A. Capital Group were prepared pursuant to Article 45 of the Accounting Act.

The data included in the report was prepared in line with the principles for measurement of assets, equity and liabilities, and the measurement of net income specified as of the balance sheet date, in line with the materiality principle. The consolidated financial statements for FY 2021 were prepared with the assumption that the Capital Group will continue as a going concern in the foreseeable future.

All amounts presented in the consolidated financial statements for 2021 are given in the Polish Zloty.

Postings follow the historical cost principle. The Group did not make any adjustments that would reflect the influence of inflation on the individual items of the balance sheet or of the profit and loss account. The Group prepares its profit & loss account in the multi-step variant. The cash flow statement uses the indirect method.

This Management Board of Quantum software Capital Group covers the period from 1 January to 31 December 2021.

The Annual Consolidated Report of Quantum software Capital Group for the reporting period from 01/01/2021 to 31/12/2021 comprises:

- the Group's Consolidated Financial Statements for the reporting period from 01/01/2021 to 31/12/2021 and as of 31/12/2021 prepared pursuant to the International Accounting Standards, including: the Consolidated Statement of Financial Position, the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Changes in Equity, the Consolidated Cash Flow Statement and Notes to the Financial Statements;

- Comparative financial data to the Financial Statements for the reporting period from 01/01/2020 to 31/12/2020 and as of 31/12/2020;
- Management Report of the Capital Group for the period from 01/01/2021 to 31/12/2021, including the Management Board's Declaration on the application of the corporate governance principles in Quantum software S.A. in 2021;
- Letter from the President of the Management Board, prepared pursuant to Article 70(1)(1) of the Ordinance of the Minister of Finance of 29 March 2018 regarding current and interim information to be submitted by issuers of securities and conditions for considering as equivalent information required under the law of a non-member state;
- Declaration and Information from the Management Board pursuant to Article 71(1) (6) and (7) of the Ordinance of the Minister of Finance of 29 March 2018 regarding current and interim information to be submitted by issuers of securities and conditions for recognising as equivalent information required by the laws of a non-member state.
- Declarations and Assessments of the Supervisory Board pursuant to Article 71(1)(8) and (12) of the Ordinance of the Minister of Finance of 29 March 2018 regarding current and interim information to be submitted by issuers of securities and conditions for considering as equivalent information required under the law of a non-member state.
- Report from the audit of the Annual Consolidated Financial Statements.

Signatures of the Management Board Members	Person responsible for keeping accounting books
---	--

Tomasz Hatala Chief Accountant – Monika Kuś

Bogusław Ożóg

Marek Jędra

Tomasz Mnich

1. Basic information

The parent company of the Capital Group is Quantum software S.A. with its registered office in Krakow at ul. Walerego Sławka 3A. The Company was entered in the Register of Businesses of the National Court Register Krakow – Śródmieście, 11th Commercial Division on 30 October

2002 under the KRS number 0000136768. Polish Classification of Activities (PKD) no. 62.01 Z – computer programming activities. As of 25 July 2014, in connection with the transfer of business operations to the subsidiary Quantum Qguar sp. z o.o., the Issuer's core business consists mainly in acting as a holding company.

Statistical no. (REGON) 351243328

Tax ID (NIP) 677-17-53-870

National Court Register (KRS) 0000136768

Share capital fully paid-up PLN 657,435.00

Management Board:

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

Supervisory Board:

Chairman of the Supervisory Board Leopold Kutyla

Vice-Chairman of the Supervisory Board Tomasz Polończyk

Member of the Supervisory Board Henryk Gaertner

Member of the Supervisory Board Marcin Buczkowski

Member of the Supervisory Board Andrzej Ruciński

The Consolidated Financial Statements were prepared with the assumption that companies of Quantum software S.A. Capital Group will continue as going concern in the foreseeable future.

As of 31/12/2021, the Capital Group includes the following subsidiaries of Quantum software S.A. (the Group's organisational structure):

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

Registered office: Krakow

Address: Walerego Sławka 3a
National Court Register (KRS): 0000294284
Shareholders: 78.30 % of interests held by Quantum Qguar sp. z o.o.
Share capital: PLN 308,950.00, fully paid-up

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

Registered office: Kiev
Address: Jaroslavskij pereulok 7/9, office 40
Certificate No. 100107724
Shareholders: 99% of interests held by Quantum East
Share capital: USD 76,200, fully paid-up

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

Registered office: Krakow
Address: Walerego Sławka 3A
National Court Register (KRS): 0000331050
Shareholders: 100% of interests held by Quantum Qguar sp. z o.o.
Share capital: PLN 1,500,000.00, fully paid-up using a contribution in kind

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

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

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

Registered office: Krakow
Address: Walerego Sławka 3A
National Court Register (KRS): 0000516717
Shareholders: 100% of interests held by Quantum software S.A.
Share capital: PLN 3,995,000.00, paid-up using a contribution in kind
and
PLN 5,000.00 paid-up using a contribution in cash

6. Company name: Qcadoo Limited sp. z o.o. – subsidiary

Registered office: Krakow
Address: Walerego Sławka 3A
National Court Register (KRS): 0000344950
Shareholders: 100% of interests held by Quantum Qguar sp. z o.o.
Share capital: PLN 885.000, fully paid-up

2. Consolidated financial results of the Capital Group in 2021

The alternative performance measures (APM) were applied in order to submit the comprehensive presentation of Quantum software S.A. Capital Group's financial situation. The Group believes that they provide important information on the financial position, operating efficiency, profitability and cash flows of Quantum software S.A. Group.

The alternative performance measurements applied by the Group should be analysed in addition to, not as a substitute for, the financial information presented in the Group's consolidated financial statements. These data should be considered together with these statements.

The Group presents selected APMs because it believes that they provide valuable information on the financial and operational position (in addition to the data presented in the financial statements) as well as facilitate the analysis and evaluation of the Group's financial performance in the respective reporting periods (2021 and 2020). The Group presents specific alternative performance measures because they represent standard measures and indicators widely used in financial analysis. Before the alternative performance measures were used, they had been analysed in terms of how useful they are in providing investors with helpful information on the Group's financial position, cash flows and financial efficiency. In the Group's opinion, they allow for an optimal assessment of the Group's financial performance.

Following the guidelines of ESMA "Alternative measures of results" – 05/10/2015 ESMA/2015/1415pl – the indicators presented in the table were calculated pursuant to the following formulas:

- a) Return on sales: net profit to sales revenue
- b) Return on assets: net profit to assets at the end of the reporting period
- c) Return on equity: net profit to equity at the end of the reporting period
- d) Current liquidity ratio: current assets to carrying value of short-term liabilities
- e) Quick liquidity ratio: current assets less inventory to carrying value of short-term liabilities.

Selected consolidated financial figures from the Capital Group's profit and loss account

Item	2021 (‘000 PLN)	2020 (‘000 PLN)
Net revenue from sales	38,902	38,631
Net revenue from sales of products	31,293	30,091

Net revenue from sales of goods and materials	7,609	8,540
Sales profit/loss	3,028	5,627
EBIT profit/loss	3,731	6,829
Operating profit/loss + EBITDA depreciation	4,459	7,469
Gross profit/loss	3,550	6,998
Net profit/loss	3,234	6,243
Equity	19,373	17,451
Liabilities and provisions	5,130	10,991
Including long-term liabilities	685	1,916
Return on sales – ROS	8.3%	16.2%
Return on assets – ROA	13.2%	21.9%
Return on equity – ROE	16.7%	35.8%
Current liquidity ratio	4.9	2.9
Quick liquidity ratio	4.9	2.9

3. Description of the Capital Group's financial situation and more important events which have had significant impact on the Capital Group's operations and financial results in 2021 or whose impact is possible in the subsequent years.

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 employee benefits.

4. Description of the structure of assets, equity and liabilities of the consolidated balance sheet, including from the perspective of the Capital Group's liquidity

	PLN	PLN
	2021	2020
ASSETS		
Non-current assets	2,684	2,576
Property, plant and equipment	2,170	2,112
Goodwill of subordinates	-	-
Intangible assets	34	21
Investments in associates measured with the equity method	-	-
Financial assets available for sale	-	-
Long-term receivables	184	175
Long-term investments	-	-
Real properties	-	-
Long-term financial assets	-	-
Long-term prepayments and accruals	-	-
Deferred income tax assets	263	251
Current assets	21,819	25,866
Inventory	72	42
Short-term receivables	5,801	8,302
Other short-term receivables and prepayments	542	822
Short-term investments:	425	128
Cash	9,331	11,143
Total assets	24,503	28,442
Equity	19,373	17,451
Share capital	682	657
Contingent capital	-	-
Called-up share capital (negative figure)	-	-
Equity shares (negative figure)	-	-
Supplementary capital	-	-
Revaluation reserve	-	-
Retained profit (loss)	5,247	837
Differences resulting from translation of financial statements	-219	5

Liabilities and provisions for liabilities	5,130	10,991
Long-term liabilities	685	1,916
Short-term liabilities	4,445	9,075
Total equity and liabilities	24,503	28,442

Current assets are the largest part of total assets. They account for approx. 89% of total assets and liabilities. In the assets structure, the main item is short-term receivables (approx. 27% of the items' value). In non-current assets, the item with the highest value were property, plant and equipment (80%). In equity and liabilities, the main item is equity, accounting for nearly 79% of the balance sheet total. The share of short-term debt amounted to 32% at the end of 2021. The share of debt in the financing of the Group's assets is at a safe level.

5. Material events in the Capital Group during the financial year

➤ New customers acquired in Poland and abroad:

- Krynica Vitamin SA (Quantum Qguar)
- Fabryka Kabli Elpar sp. z o.o. (Quantum Qguar)
- Bispol sp. z o.o. (Quantum Qguar)
- CRAPULA sp. z o.o. (Quantum Qguar)
- Silesian University of Technology, Faculty of Transport and Aviation Engineering (Quantum Qguar)
- UAB MV GROUP Logistics (Quantum Qguar)
- Rubizhansky Cardboard and Packaging Plant Private Joint-Stock Company SA (Quantum International Ukraine)
- Veresen Plus sp. z o.o. (Quantum International Ukraine)
- BelVillesden sp. z o.o. (Quantum International Ukraine)
- IDS sp. z o.o. (Quantum International Ukraine)

➤ New implementations at existing customers:

- Dino Polska S.A. (Quantum Qguar)
- Clip Logistyka Sp. z o.o. (Quantum Qguar)
- POLOmarket Sp. z o.o. (Quantum Qguar)
- Logwin Poland sp. z o.o. (Quantum Qguar)
- Axell Logistics sp. z o.o. (Quantum software SA)
- Intersnack Poland sp. z o.o. (Quantum Qguar)
- Żabka Polska sp. z o.o (Quantum Qguar)
- Correct – K. Błaszczuk i Wspólnicy sp. k. (Quantum Qguar)
- SMA Magnetics sp. z o.o. (Quantum Qguar)
- Signal Meble Sp. z o.o. sp. k. (Quantum Qguar)
- ZT Kruszwica S.A. (Quantum Qguar)

- Roshen Confectionery Corporation SA (Quantum International Ukraine)
- Vinnytsia Poultry Farm LLC sp. z o.o. (Quantum International Ukraine)
- Epicentr sp. z o.o. (Quantum International Ukraine)
- Anreks sp. z o.o. (Quantum International Ukraine)

6. Changes in the amount and type of equity

Following the resolution of the Issuer's Management Board of 22 November 2021 on increasing the share capital of Quantum software SA within the authorised capital (which the Issuer announced in its current report no. 9/2021) and the registration of these changes by the register court, the Issuer's share capital currently amounts to PLN 682,435.00 (current report no. 1/2022).

7. Information on core products

The Group's core business is the development of computer software supporting logistics and manufacturing processes as well as the implementation of complete IT systems, including third-party software and equipment, in companies operating such processes. The Group companies operate mainly in a niche segment, providing technically advanced and high-quality solutions to demanding customers. The Issuer has operated in Poland since 1997. With international experience gained by the founders since 1991, know-how in the area of IT and logistics, and a reliable team of specialists, Quantum Group has been able to take a leading position as a manufacturer of warehouse and distribution software to support the supply chain in Central and Eastern Europe.

The Group's flagship product is the QGUAR system, with over 200 implementations, mainly in Poland, but also in Germany, France, the United Kingdom, Romania, Slovakia, the Czech Republic, Hungary, Ukraine, Russia, Belarus and the USA. The QGUAR system is a combination of SCM (Supply Chain Management) class software or SCE (Supply Chain Execution), to be more precise. The system's functionality allows for optimising warehousing, distribution and manufacturing logistics, combined with purchasing and sales processes. The system's implementation is usually an important organisational change in the business and requires several months' work of a team of specialists. Since the Qguar system is grouped into modules, this allows for managing selected links of the integrated supply chain or managing the logistics processes comprehensively.

The Company offers the following products:

- Qguar Warehouse Management System Professional – Qguar WMS PRO
- Qguar Warehouse Management System Easyway – Qguar WMS EASYWAY
- Qguar Yard Management System – Qguar YMS
- Qguar Manufacturing Execution System – Qguar MES
- Qguar Transport Management System – Qguar TMS

As well as more important auxiliary modules:

- Qguar APS – Advanced Planning System (production planning)
- Qguar VPM – Voice Picking technology
- Qguar 4WEB – Application for remote access to the system (via the Internet)
- Qguar DS – Dock Scheduling
- Qguar RPS – Management of returnable packaging

Expansion to foreign markets translates into the necessity to create new language versions of the QGUAR system. At present, the language versions available are Polish, English, German, Spanish, Portuguese, Hungarian, Italian, Russian and Romanian. The said expansion also contributes to the introduction of changes and upgrades in existing systems.

In addition to their own software, the Group companies sell complementary services as well as third-party software and equipment.

The process of implementing the Qguar system involves the following stages and types of services:

- project (also known as Technical Implementation Specification)
- configuration and individual extensions
- installation
- training
- implementation
- post-implementation assistance
- service

8. Sales markets and supplies

Quantum software Capital Group concentrates its business operations mainly in Poland and Europe. The second key subsidiary after the Polish market is Quantum International sp. z o.o., based in Kiev (Ukraine).

Sales figures – product structure

	2021	% share	2020	% share
Own licences (Qguar) and services	30,930	79.5%	29,603	76.6%
Goods	7,608	19.6%	8,540	22.1%
other	364	0.9%	488	1.3%
Total sales	38,902	100%	38,631	100%

Data in PLN '000

Sales by markets

	2021	% share	2020	% share
Domestic	32,622	83.9%	32,818	85.0%
Export	6,280	16.1%	5,813	15.0%
Total	38,902	100%	38,631	100%

Data in PLN '000

The main customers for the Group's products and services are as follows:

- distribution centres which ensure comprehensive distribution of merchandise, i.e. they fully control all economic and logistics stages, such as supply, transport to the warehouse, storage, sales, shipment to sales outlets and settlement of the whole process;
- warehouses providing outsourced logistics services, thus acting as an external warehouse of a production or trade company and relieving such company from the need to manage its goods;

- businesses offering comprehensive shipment and transport services;
- manufacturing companies for which it is possible to handle the whole macro-logistics process or to facilitate the existing system by the extension of the IT infrastructure.

The above grouping is reflected in the structure of the Parent Company's existing customers, such as:

- trade and manufacturing companies;
- manufacturing companies (foods and industrial articles);
- logistics service companies.

9. Information on significant events that occurred after the balance sheet date and were not included in the financial statements

From the end of the first quarter of 2020 to the submission date of this report, the state of epidemic is extended in Poland, and the SARS-CoV-2 coronavirus pandemic is ongoing worldwide. The impact of this situation on the results of the Group companies is difficult to assess. It depends on the situation of individual customers, but also on other factors, e.g. the duration of the epidemic, administrative restrictions, restrictions imposed on businesses and volatility of exchange rates. The global social and economic crisis brought about by the pandemic must also be taken into account. The Management Board of the Issuer and the management boards of Quantum Group companies have been following the safety, health and hygiene recommendations of by the Chief Sanitary Inspectorate and other state institutions.

Since 24 February 2022, there has been a war in Ukraine caused by Russia's aggression. This has directly affected Quantum International O.O.O., based in Kiev. Some of the company's customers discontinued their operations, while others stopped their projects. There were also payment issues. As the war broke out, the company's staff were evacuated to Poland and western Ukraine. The Group has readjusted its operating directions and continues to do business:

1. Most of the company's customers operating in Ukraine have not discontinued their activities.
2. The company also serves customers on the Belarussian market.
3. The company is a subcontractor for services commissioned by other companies from Quantum Group (e.g. the Baltic countries and Ecuador).

Obviously, the war also indirectly affects the operating conditions of other Quantum Group companies. Economies other than Ukraine, in particular Poland, which is key for the Group, are exposed to the effects of the war across the border, such as its social consequences, administrative decisions, sanctions, higher energy costs or rising inflation.

The Management Boards of the subsidiaries are monitoring the situation in Poland, Ukraine and in other countries where they operate, and are working intensively to adapt to the dynamic operating environment.

10. Research and development achievements

Given the nature of its business, the Group constantly conducts IT research in areas such as equipment, system software, utility software and database software. The purpose of this activity is to select and enhance the offered solutions and technologies used for manufacturing own products. Similarly, it is necessary to make continuous development investments with respect to software to improve and boost its functionalities on the basis of the experience gained and the world trends observed in such types of solutions. For example, such works on heuristic modelling are performed continually in order to optimise route planning (Qguar TMS) or to optimise production process planning (Qguar APS).

11. Employment structure at Quantum software S.A. and the Capital Group

As of 31 December 2021, Quantum software S.A.'s employment structure was as follows:

	Year ended 31 December 2021	Year ended 31 December 2020
Management Board	4	4
White-collar employees/Administration	0	0
Blue-collar employees	0	0

The Group's employment in the year ended on 31 December 2021 was as follows:

	Year ended	Year ended
--	------------	------------

	31 December 2021	31 December 2020
Management Board of the parent company	4	4
Management Boards of the Group companies (*)	13	15
White-collar employees/Administration	159	148
Blue-collar employees	0	0

(*) The members of the management boards of the Group companies also include members of the parent company's Management Board.

12. Contingent liabilities

In 2021, the Capital Group did not have any contingent liabilities.

13. Description of material risk factors and threats

Risks related with the COVID-19 epidemic

From the end of the first quarter of 2020 to the submission date of this report, the state of epidemic is extended in Poland, and the SARS-CoV-2 coronavirus pandemic is ongoing worldwide. The impact of this situation on the results of the Group companies is difficult to assess. It depends on the situation of individual customers, but also on other factors, e.g. the duration of the epidemic, administrative restrictions, restrictions imposed on businesses and volatility of exchange rates. The global social and economic crisis brought about by the pandemic must also be taken into account. The Management Board of the Issuer and the management boards of Quantum Group companies have been following the safety, health and hygiene recommendations of by the Chief Sanitary Inspectorate and other state institutions.

Risk associated with the war in Ukraine

Since 24 February 2022, there has been a war in Ukraine caused by Russia's aggression. This has directly affected the Issuer's indirect subsidiary Quantum International O.O.O., based in Kiev. Some of the company's customers discontinued their operations, while others stopped their projects. There were also payment issues. As the war broke out, the company's staff were evacuated to Poland and western Ukraine. The Ukrainian company has readjusted its operating directions and continues to do business:

1. Most of the company's customers operating in Ukraine have not discontinued their activities.
2. The company also serves customers on the Belarussian market.
3. The company is a subcontractor for services commissioned by other companies from Quantum Group (e.g. the Baltic countries and Ecuador).

Obviously, the war also indirectly affects the operating conditions of other subsidiaries of the Issuer. Economies other than Ukraine, in particular Poland, which is key for the Group, are exposed to the effects of the war across the border, such as its social consequences, administrative decisions, sanctions, higher energy costs or rising inflation.

The Issuer's Management Board and Management Boards of the subsidiaries are monitoring the situation in Poland, Ukraine and in other countries where they operate, and are working intensively to adapt to the dynamic operating environment.

Macroeconomic risk

The Group's financial situation depends on the macroeconomic situation in Poland and in the countries where the subsidiaries operate. The financial result achieved by the Company directly and indirectly depends on, among others: the GDP growth dynamics, inflation, national monetary and tax policy, business investments, household income and consumer demand. All of the aforesaid factors as well as the direction and level of changes influence the fulfilment of tasks planned by the Group companies. The economic growth translates into the revenue of companies operating in particular regions and industries. Consequently, they adjust their capital expenditures, including development, through improvement or purchase of computer hardware and appropriate software. The companies from Quantum Group, as IT systems providers, may

directly experience the consequences of changed budgets allocated by companies for computerisation.

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

The value of the entire IT market comprises hardware, software and services. Each of these segments may develop faster or slower. The analyses of the IT hardware and services market show growth trends. The low saturation of Polish companies with modern technologies creates a fertile ground for the development of companies whose business focus is similar to that of Quantum Group companies. However, this market is very sensitive to fluctuations of the economic situation. At the time of an economic downturn, companies restrict their investment policies, including IT expenditures. Decreased demand for computer software leads to lower sales, which differ substantially from the forecasts. In such a case, the demand for the Group's products may decrease, leading to decreased sales revenue. Technological changes and frequent launches of new IT services are closely related to this sector. The product lifecycle is short, while the expenditures on product development are high. Consequently, the incurred expenditures 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 market requirements are monitored by the company's own employees to reduce this risk. In addition, the cooperation between Quantum Group companies and 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 in the phase of a dynamic growth. This situation attracts new providers of IT services, who, 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 Group companies may be required to make higher expenditures on growth and advertising, and to reduce the current margin. Furthermore, the high absorption capacity of the Polish and

neighbouring markets and the fact that the progress of computerisation is far from average European levels lead to many global companies that provide similar services becoming interested in doing business in Poland and neighbouring countries. Quantum Group does not have any influence on its competitors' activities and products. However, it has the potential to maintain its market position thanks to its experience.

Risk of foreign operations

The sales of Quantum Group's companies are mainly in Poland. However, the companies also pursue marketing activities and conclude contracts with entities operating in other countries. Approx. 15% of the Group's sales revenue is generated abroad. While the business environment in the European Union is currently relatively stable, the Group also operates in other countries, mainly in Ukraine and Belarus, with a less stable economic and legal environment.

The risks associated with the war in Ukraine are described separately.

Foreign exchange risk

The Group 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 fluctuations influence the financial result through the following:

- changes in the value of export sales and costs expressed in PLN,
- realised foreign exchange gains/losses occurring between the date of sales or purchase and the date of payment of receivables or liabilities,
- unrealised foreign exchange gains/losses from the measurement of settlements as of 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 due to foreign exchange fluctuations. The level of compensation between foreign currency revenue and costs has become difficult to predict.

Considering the difficult situation in Ukraine and Belarus, counterparties exert considerable pressure to make contracts independent from the rising FX rates. As a result, the FX risk is even higher.

Risk of contracts performed

The core business of Quantum Group companies does not involve selling large numbers of easily installed programmes but carrying out large individual implementation projects with a high level of complexity that usually require several months' work of a team of specialists. The system implemented in a particular company must monitor very complex logistics processes and integrate them with the operations of all company departments in real time. There is a risk that the company's process and information flow may be modelled inaccurately, the risk of extended duration of the planned tasks and the risk of changes in the scope of works over the originally 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 entities. These risks are mitigated through international experience, proprietary, standard product base and an experienced team of professionals.

Implementation risk

As a supplier of complex IT systems implemented over the course of several months, the group is under the pressure to satisfy customer requirements and stay within the planned budget. Sometimes it is necessary to change the assumptions or reduce the remuneration. At present, economic processes are becoming more complex. Therefore, without the required know-how it is easy to implement a system that is sub-optimal for the customer, which may harm the Company's reputation as repairs may be required. Furthermore, customers often regard IT system suppliers as business consultants and require greater economic efficiency after installing 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

Qguar, an SCE class system, offers comprehensive logistics solutions and satisfies the requirements of the customer and their environment. As a supplier of IT systems, the Issuer and its subsidiaries must constantly expand their offer, introduce new functionalities and ensure data integrity. The competition and clients' requirements are constantly growing. As a result, there is a risk of the introduction of new products meeting current demands of customers later than the

competitors and winning the market by other suppliers, which would cause a decrease in sales revenue.

To prevent this, Quantum Group companies continue their R&D work which, on the one hand, aims at improving our products and their quality, and on the other hand, introduces new and competitive solutions.

Risk of short product life cycle

Given the scale of innovation and the pace at which new products are introduced in the IT sector, the existing products must be adjusted to changing hardware platforms and new products must be introduced. 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 as a result. This may lead to a decrease of sales revenue, and, in consequence, a decrease of the generated profit. Quantum Group companies take steps to minimise this risk through constant development of our managers, regularly increasing, where possible, the number of highly qualified employees and by funding R&D works.

HR risk

As the IT market grows, so does the interest of our competitors in capable and highly qualified personnel. IT companies, for whom 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. This situation leads to an increase of salaries and, in consequence, to lower returns on business activity. The Group companies attempt to create attractive working conditions for its employees, and uses incentive-based remuneration methods.

Risk associated with seasonality and irregularity of revenue

The typically seasonal nature of the IT sector, where maximum sales are recorded in Q4 of the calendar year (which is related to the end of the financial year when system upgrades usually take place) affects Quantum Group companies to a smaller extent. Sales fluctuations between quarters are more connected with customer investment cycles than seasonality.

Risk of overdependence on key suppliers

In its operations, Quantum software S.A. and its subsidiaries use equipment and software from external suppliers. Losing one of key suppliers may result in the interruption of supplies. The Group companies minimise this 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

This risk affects all companies of Quantum Group. Generally, revenue from individual entities occasionally and rarely exceeds 10% of total revenue of individual companies.

Risk associated with changing legal regulations and instability of the tax system

Frequent changes of legal provisions in Poland are also a threat to the Group's activity. The changes involve, among other things, tax regulations and interpretations, trade regulations and provisions of the labour law. Frequent changes in the regulations may have a negative impact on the current operation, they may raise the costs and affect the financial performance. Uncertainty about future changes obstructs the assessment of future events and the strategic decision-making process. Coming 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 companies monitor draft amendments to the regulations on a regular basis and makes business decisions in consideration of the planned changes.

Investment risk

Major capital expenditures, in accordance with the adopted strategy, are related to introducing new products to new markets. It is an opportunity for development, but also generates additional risks. These are particularly connected with the activity of Quantum's subsidiaries in other countries. This risk is particularly high on the eastern markets (Russia, Ukraine and Belarus) and on the markets of Latin America, and is related to a business culture different from the European one as well as high costs of ongoing supervision.

14. Information about organisational or equity relations between the Company and other entities

Quantum software S.A. – the parent company of the Group; after establishing 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, in which Quantum Qguar sp. z o.o. holds 78.30% of interests – a 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 99% of interests; its activity consists in selling and implementing IT solutions provided by Quantum software SA in Russian-speaking countries. Full consolidation method.

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

Quantum Mobile Solutions Sp. z o.o. – the Group's subsidiary, in which Quantum I - Services Sp. z o.o. holds 100% of interests. The business focus of the company consists in the development and sales of IT solutions for mobile devices.

Quantum Qguar sp. z o.o. – a subsidiary of the Group; 100% of its interests are held by Quantum Software S.A. The company develops and implements IT systems.

Qcadoo Limited sp. z o.o. – the Group's subsidiary, in which Quantum Qguar sp. z o.o. holds 100% of interests – the Company creates and delivers SaaS-type software that supports production management.

In the third quarter of 2021, there were changes in the organisation of QS SA Group. On 27 September 2021, based on Article 94 of the Civil Code of the Russian Federation, and Articles 8 and 26 of Federal Act No. 14-FZ on Limited Liability Companies, Quantum East sp. z o.o. withdrew from Quantum International Russia, thus ceasing to be its shareholder. On 01/10/2021, the interests held by Quantum Qguar sp. z o.o. (95.02%) in Quantum Brasil Engenharia em Software Ltda-ME were sold, as a result of which the company ceased to be an entity from Quantum software SA capital group.

15. Information on the Company's major domestic and foreign investments (securities, financial instruments, intangible assets and real property)

Apart from the investments described in other sections, the Group's Companies did not invest in real properties and securities in the presented period.

Investments in financial instruments include Quantum Software S.A.'s and Quantum Qguar sp. z o.o.'s units in the investment funds Generali Korona Dochodowy and BNP Paribas Konserwatywnego Oszczędzania. They are described in the cash section of the financial statements.

16. Information about loans and borrowings taken out and terminated

In 2021 the Group did not incur such liabilities.

17. Information on borrowings granted during the financial year, with particular emphasis on borrowings granted to the Issuer's related parties, including at least the amount, type, interest rate, currency and maturities, and on sureties and guarantees granted

BORROWINGS GRANTED								
Long-term	Amount of the loan capital	Interest rate	Repayment date	As of		Interest accrued from the beginning of the financial year to		Collateral
				31 December 2021	31 December 2020	31 December 2021	31 December 2020	
<i>Borrowings granted to other parties</i>								
Other entities	12	Fixed (7%)	-	17	4	2	-	No security
Employees	14	Fixed (7%)	31-12-2025	13	13	1	2	No security
TOTAL:					9		4	

BORROWINGS GRANTED								
Short-term	Borrowing amount	Interest rate	Repayment date	As of		Interest accrued from the beginning of the financial year to		Collateral
				31 December 2021	31 December 2020	31 December 2021	31 December 2020	
<i>Borrowings granted to other parties</i>								
Other entities	119	Fixed (7%)	-	113	12	6	1	No security
Tomasz Hatala – member of the parent	182	Fixed (7%)	-	191	94	13	7	No security

company's management board								
Employees	117	Fixed (7%)	-	120	22	3	2	No security
TOTAL:				424	128	22	10	

➤ 2021:

Borrowings granted to other parties:

- I. Long-term borrowings granted to other parties as of 31 December 2021: PLN 16,795.22.
- II. Short-term borrowings granted to other parties as of 31 December 2021: PLN 113,007.22.

Borrowings granted to employees:

- I. Long-term borrowings granted to employees as of 31 December 2021: PLN 15,723,34.
- II. Short-term borrowings granted to employees as of 31 December 2021: PLN 120,333.91.

Borrowing granted to a member of the Management Board of the parent company by a subsidiary:

- I. Short-term borrowing as of 31 December 2021: PLN 191,364.03.

➤ 2020:

Borrowings granted to other parties:

- I. Long-term borrowings granted to other parties as of 31 December 2020: PLN 4,154.04.
- II. Short-term borrowings granted to other parties as of 31 December 2020: PLN 12,348.01.

Borrowings granted to employees:

- I. Long-term loans borrowings to employees – balance as of 31 December 2020: PLN 12,405.16.
- II. Short-term borrowings granted to employees as of 31 December 2020: PLN 22,457,44.

Borrowing granted to a member of the Management Board of the parent company by a subsidiary:

- I. Short-term borrowing – balance as of 31 December 2020: PLN 93,751.07.

18. Description of the use by the Issuer of inflows from security issues

In connection with the managerial issue of 50,000 series E shares for an issue price of PLN 5.00 per share with a nominal value of PLN 0.50 per share, the company's share capital changed by PLN 25,000.00 and currently amounts to PLN 682,435.00. The share premium in the total amount of PLN 225,000.00 was posted in the Company's supplementary capital. The issue of series E shares is described in section 22.

19. Assessment of the management of financial resources

The Management Board assesses the Group's financial situation as good. The financial ratios do not indicate any threats to the Group's ability to fulfil its obligations. The Group finances its operations mainly through equity and trade liabilities.

The financial costs in 2021 amounted to PLN 139 thousand and financial revenue amounted to PLN 522 thousand.

20. Assessment of the possibilities to perform investment projects, including capital investments, compared to the funds held, taking into account possible changes in the financing structure of such operations

The funds held will allow for the implementation of the investment plans for 2022.

21. Information about contracts significant for the capital group's operations, including contracts known to the group, made between the shareholders: insurance, partnership and cooperation agreements

In 2021, no such agreements were concluded.

22. Assessment of factors and unusual events affecting the business result for the period.

In 2021, a key factor in the cost increase was the managerial issue of shares, which was valued at PLN 1.5 million and posted in the payroll costs of Quantum software SA. The shares were offered as part of a private placement in connection with the implementation of the incentive programme adopted by way of resolution of the Issuer's Extraordinary General Meeting of 16 December 2019, excluding the pre-emptive rights of the Issuer's existing shareholders. The Issuer's Management Board allotted a total of 50,000 series E shares at an issue price of PLN 5.00 (in words: five zlotys 00/100) per share, i.e. with a total nominal value of PLN 25,000.00 (in words: twenty-five thousand zlotys), to the entitled persons who duly subscribed and paid for the acquired shares.

23. Internal and external factors of material significance to the Company's growth

The factors which will affect the development of Quantum Group in the next year can be divided into external/independent from and internal/dependent on the Group's entities.

External factors include:

- impact of the war in Ukraine; both direct on the Kiev-based company Quantum International and indirect on the social and economic situation in other countries, mainly Poland;
- effect of the SARS-CoV-2 coronavirus epidemic on the situation of the company's and its subsidiaries' customers, such as the duration of the epidemic, the lockdown measures, restrictions on businesses and foreign exchange rate fluctuations;
- economic growth and growth in investments by businesses in Poland;
- situation in the European Union (risks posed by e.g. Brexit, the ECB's policy),
- crisis in Ukraine, Belarus and Russia, and its effect on sales in other countries of the Commonwealth of Independent States,
- economic situation in Latin American countries,
- companies' decisions on budgets for IT expenditures;
- access of Polish companies to structural funds, which, to a certain extent, will be used for the development of IT systems and for financing R&D;

- concentrated competitor activity in the Group's main business area.

Internal factors include:

- effective solutions to continuously adapt the working conditions in response to the war in Ukraine;
- effective organisational solutions that adjust the working conditions to the situation concerning COVID-19 epidemic;
- punctual completion of works specified in the contracts whose implementation started in the previous year in accordance with the budgeted expenditure and contractual terms;
- effective HR policy so as to eliminate the risk of turnover of qualified and skilled employees, while maintaining profitability (payroll is the main cost item);
- success of marketing efforts in acquiring new contracts;
- success of capital expenditures.

24. Adopted development strategy and operations undertaken within its implementation in the period covered by the report together with the description of the perspectives of the Capital Group's operation development at least in the next financial year. Directions of the Capital Group's development

Quantum Qguar (and its subsidiaries), which is the largest entity in Quantum software S.A.'s holding, concentrates on developing and implementing IT systems for businesses which look for state-of-the-art logistics and production solutions. With their own software as a starting point, the companies seek to deliver comprehensive solutions to these customers. Plans for the future focus on improving the QGUAR system and on expanding the offer and operations.

Quantum Group's strategy is based on:

- its competences required to develop and implement SCM (Supply Chain Management) systems, which involves IT as well as logistics, automation, goods identification techniques and enterprise management;
- long-term international experience gained from work for renowned companies.

Strategic growth directions:

1. Expanding the proprietary Qguar software suite by additional SCM modules.
2. Expanding the offer by:
 - the implementation of third-party software that requires competences and experience in logistics or is complementary to the Qguar system;
 - the full range of services involving the integration of logistics systems (consulting, computer hardware, peripherals and software for all layers);
3. Further geographic expansion and strengthening of the position of leading software producer for broadly-defined logistics in Central and Eastern Europe.

The Group plans to implement these objectives through organic growth and through probable capital expenditure, acquisitions and mergers. Expanding the Qguar suite by further modules is the most natural mechanism for developing the Group's offer. The systematic increase in the demand for this type of software results from the following factors:

- higher requirements of businesses in terms of optimising the supply chain and reducing logistics costs;
- higher demand for logistics services;
- rapid technological development and lower prices of equipment for identifying goods (barcodes and RFID);
- development of mobile data processing technology;
- rise in labour costs increasing the demand for the application of solutions from the automation field in connection with information technology.

Quantum Group companies can use their experience and market position to implement third party applications, which may be complementary to their own products. For many years, the Group's companies have been developing the integration activities in the scope of comprehensive systems for the logistics industry. In addition to implementing a bare utility application, the following topics are addressed:

- process design;
- ICT infrastructure;
- equipment (including industrial automation);
- operating and database software.

For many businesses in the early growth stage, the computerisation concerns bookkeeping, and at the later stage the computerisation becomes critical for the supply chain management. This

creates an opportunity for the Group's development as a supplier of comprehensive SCM class IT systems for businesses in which efficient logistics processes are of key importance.

The QGUAR suite has an established position as the leading warehouse and distribution application on the Polish market. With nine language versions used in Western and Eastern Europe, it is a solid base for growing export. CEE is a promising market due to the expected economic growth, which results from the disproportions compared to western European markets. As experience has shown, this market's specific nature allows effective competition with the providers of IT solutions from western countries. It is important that the offered products are established on the international market (multiple languages) and do not create any barriers for multinational businesses. The cross-border nature is one of the basic characteristics of logistics processes.

25. 2021 performance forecast

The Group did not publish any performance forecasts for the period.

26. Changes in basic management principles

In 2021, there were no changes in the basic management principles in the Group.

27. Information about entering by the Issuer or its subsidiary into transactions with related entities.

Information about transactions entered into by the Issuer or its subsidiaries with related entities was described in the QS SA Capital Group's Consolidated Annual Financial Statements in note no. 28.

28. Remunerations, bonuses and benefits, including under incentive or bonus schemes based on the company's capital, paid or due to the members of the parent company's Management Board and Supervisory Board

Amount of remuneration of the Parent Company's Management Board Members and their remunerations for holding functions in subsidiaries:

Last and first name	total remuneration for the period 01/01/2021 - 31/12/2021 in PLN	Remuneration under incentive programmes in PLN
Hatała Tomasz	408,649.00	638,430.00
Ożóg Bogusław	272,187.43	349,380.00
Jędra Marek	302,005.00	110,790.00
Mnich Tomasz	302,005.60	82,590.00

Amount of remuneration of Supervisory Board Members

Last and first name	total remuneration for the period 01/01/2021 - 31/12/2021 in PLN	Remuneration under incentive programmes in PLN
Kutyla Leopold	6,000.00	-
Polończyk Tomasz	58,256.00	124,110.00
Gaertner Henryk	6,000.00	-
Marcin Buczkowski	6,000.00	-
Andrzej Ruciński	6,000.00	-

29. For capital companies: total number and nominal value of all shares (interests) of the Issuer as well as shares and interests in the Issuer's related parties held by the Issuer's managerial and supervisory staff (separately for each person)

The share capital of Quantum software SA amounts to PLN 682,435.00 and is divided into 1,364,870 shares (750,000 series A registered shares, and 614,870 series B, C, D and E ordinary bearer shares, with a nominal value of PLN 0.50 each).

The share capital of the subsidiary Quantum East Sp. z o.o. amounts to PLN 308,950 thousand and is divided into 6.179 interests with a nominal value of PLN 50.00 each, of which Quantum Qguar sp. z o.o. holds (78.30%) 4,838 interests with a value of PLN 241,900.

The share capital of the subsidiary Quantum International Sp. z o.o. (Ukraine) amounts to USD 76,200. Quantum East holds 99% of this company's interests.

The share capital of the subsidiary Quantum I-Services Sp. z o.o. amounts to PLN 1,500,000.00 and is divided into 1,500 interests with a nominal value of PLN 1,000.00 each. Quantum Qguar sp. z o.o. holds 100% of the company's interests.

The share capital of Quantum Mobile Solutions Sp. z o.o. amounts to PLN 6,000 and is divided into 120 interests with a nominal value of PLN 50.00 each. Quantum I- Services sp. z o.o. holds 120 (100%) of the company's interests.

The share capital of Quantum Qguar sp. z o.o. amounts to PLN 4,000,000 and is divided into 80,000 interests with a nominal value of PLN 50.00 each. 80,000 (100%) interests are held by Quantum software S.A.

The share capital of Qcadoo Limited System sp. z o.o. is PLN 885,000.00 and is divided into 8,850 interests with a nominal value of PLN 100.00 each. Quantum Qguar sp. z o.o. holds 8,850 (100%) interests.

Presented in the table below is Quantum software S.A.'s shareholding by persons managing and supervising the Issuer as of 31 December 2021 and 29 April 2022, i.e. the publication date of this report

Management Board	Number of shares	Total nominal value of shares
Tomasz Hatala	63,071	PLN 31,535.50
Bogusław Ożóg	43,796	PLN 21,898.00
Marek Jędra	14,020	PLN 7,010.00
Tomasz Mnich	7,682	PLN 3,841.00
Supervisory Board	Number of shares	Total nominal value of shares
Tomasz Polończyk	14,010	PLN 7,005.00
Henryk Gaertner	954	PLN 477.00

In addition, the persons mentioned above and two members of the Supervisory Board hold interests in the Issuer's parent company Quantum Assets sp. z o.o:

Management Board	Number of interests in the parent entity	Total nominal value of interests
Tomasz Hatala	3,795	PLN 1,897,500.00
Bogusław Ożóg	1,082	PLN 541,000.00
Marek Jędra	639	PLN 319,500.00
Tomasz Mnich	504	PLN 252,000.00
Supervisory Board	Number of interests in the parent entity	Total nominal value of interests
Tomasz Polończyk	726	PLN 363,000.00
Henryk Gaertner	946	PLN 473,000.00

According to the information available to the parent company's Management Board, no member of the managerial or supervisory staff holds shares in the subsidiaries of Quantum software S.A.

30. Shareholders holding, directly or indirectly through their subsidiaries, at least 5 % of the overall number of votes at the Issuer's general meeting, 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 overall number of votes at the general meeting.

According to knowledge available to the Issuer, as of 31 December 2021 and 29 April 2022, i.e. the publication date of this report, Quantum Assets sp. z o.o., having its registered office in Krakow (in connection with the acquisition of Minvesta sp. z o.o.), holds 675,421 registered series A shares with a voting preference, which in total account for 49.49% of the Issuer's share capital and are vested with the right to exercise 1,350,842 votes at the General Meeting, i.e. 63.87% of total votes, and holds 295,491 bearer shares, which in total account for 21.65% of the Issuer's share capital and are vested with the right to exercise 295,491 votes at the General Meeting, representing 13.97% of total votes.

Since the publication of the report for Q3 2021, the shareholder holding more than 5% of the total number of votes at the Issuer's general meeting has not changed.

31. Information about contracts known to the Issuer (including contracts made after the balance sheet date) that may result in future changes in the proportion of shares held by the existing shareholders and bondholders

As of the date of the submission of this report, the Issuer does not know about such contracts.

33. Contracts with an audit company concerning the performance of audit of financial statements

By way of a resolution of 17 April 2020, the Supervisory Board of Quantum software S.A. selected an audit company to review the interim separate financial statements and the interim consolidated financial statements, as well as to audit the separate and consolidated financial statements for the period from 01 January 2020 to 31 December 2021.

➤ 2021 Agreements:

On 17 April 2020, Quantum software S.A. concluded with PRO AUDYT sp. z o.o., with its registered office in Poznań, a contract for the review of the interim separate and consolidated financial statements of Quantum software S.A. Capital Group. For the review of the interim separate and consolidated financial statements for 2021, the authorised audit firm will receive net remuneration in the total amount of PLN 15,500.00.

On 17 April 2020, the Company concluded with PRO AUDYT sp. z o.o., with its registered office in Poznań, a contract for the audit of the separate and consolidated financial statements of Quantum software S.A. Capital Group for 2021.

For the audit of the separate and consolidated financial statements for 2021, the authorised entity will receive a total net fee of PLN 24,500.00.

On 17 April 2020, the subsidiary Quantum Qguar sp. z o.o. signed a contract with PRO AUDYT sp. z o.o. with its registered office in Poznań, for reviewing the interim separate financial statements and auditing the financial statements for 2021. For the review, the authorised audit firm received a net remuneration of PLN 10,000.00. For the audit, the authorised audit firm received a net remuneration of PLN 18,000.00.

➤ 2020 Agreements:

On 17 April 2020, Quantum software S.A. concluded with PRO AUDYT sp. z o.o., with its registered office in Poznań, a contract for the review of the interim separate and consolidated

financial statements of Quantum software S.A. Capital Group. For the review of the interim separate and consolidated financial statements for 2020, the authorised audit firm will receive net remuneration in the total amount of PLN 15,500.00.

On 17 April 2020, the Company concluded with PRO AUDYT sp. z o.o., with its registered office in Poznań, a contract for the audit of the separate and consolidated financial statements of Quantum software S.A. Capital Group for 2020.

For the audit of the separate and consolidated financial statements for 2020, the authorised entity will receive a total net fee of PLN 24,500.00.

On 17 April 2020, the subsidiary Quantum Qguar sp. z o.o. concluded a contract with PRO AUDYT sp. z o.o., with its registered office in Poznań, for reviewing the interim separate financial statements and auditing the financial statements for 2020. For the interim review, the authorised audit firm received a net remuneration of PLN 10,000.00. For the 2020 audit, the authorised audit firm received a net remuneration of PLN 18,000.00.

34. Information about the application of the corporate governance rules

The Management Board of Quantum software S.A. publishes this statement on the application of corporate governance principles and recommendations by the Issuer in 2021.

I. Corporate governance rules adopted by Quantum software S.A.

In connection with the entry into force of Best Practice for GPW Listed Companies 2021 (Best Practice 2021), from 1 July to 31 December 2021, the Issuer applied an expanded set of principles. The text of Best Practice 2021 is available on the website of Giełda Papierów Wartościowych w Warszawie S.A. (GPW) (www.gpw.pl/dobre-praktyki). Based on § 29 section 3 of the Rules of Giełda Papierów Wartościowych w Warszawie S.A., the Issuer publishes the required reports on abandoning the rules altogether or on incidentally violating certain detailed corporate governance rules, including the reasons for abandoning such rules.

II. Indication of the extent to which Quantum software S.A. abandoned the application of the above-mentioned provisions, specification of such provisions and explanation for not applying them.

The Issuer has taken steps to apply the corporate governance principles and has made efforts to implement all recommendations of Best Practice for GPW Listed Companies and the guidelines for management boards, supervisory boards and shareholders.

- Best Practice 2021

In the period from 1 July to 31 December 2021, the Issuer applied most of the principles set out in Best Practice 2021.

Part I – disclosure policy and investor communications:

- With regard to principle 1.3.1., due to the nature and scale of the Issuer's business, the potential impact on environmental issues, including climate change, is negligible. In terms of environmental aspects, the company's business involves typical office activities. Waste collection and disposal is covered under lease agreements to which the Issuer is a party or other recommendations (e.g. on collecting electronic waste) which are not part of the Issuer's strategy.
- Principle 1.3.2. The Issuer does not apply this principle because it does not have any employees, but it complies with all laws prohibiting discrimination for any reason. The strategy accounts for the need to build good relationships with customers and counterparties.
- Principle 1.4. - The principle is not fully applied. To ensure proper communication with its stakeholders, the Issuer publishes all required information on its website. Progress in implementing the business strategy is determined using financial and non-financial metrics and presented in current and periodic reports. The Issuer does not include the ESG area in its business strategy for the reasons stated in the commentary on principle 1.3.1.
- Principle 1.5. – The Issuer does not collect data on such expenses due to their low amount.

Part II – Management Board and Supervisory Board:

- Principle 2.1. - The Issuer has not drawn up a formal diversity policy for the Management Board and Supervisory Board. When making HR decisions, the Issuer is guided by the needs of the enterprise and considers a candidate's professional experience, skills and education. Factors such as age and gender of a candidate or representing any majority or minority are of no consequence when making such decisions. The Issuer's Diversity Policy adopted by the Management Board concerns the overall organisation of the Issuer, but it does not provide for a minority participation in a company authority of at least 30%.
- Principle 2.2. - As regards principle 2.1, the Issuer has not put in place a diversity policy referred to in this rule. The composition of the Issuer's Supervisory Board is based on decisions made by

the General Shareholders' Meeting, while determining the composition of the Issuer's Management Board is a responsibility of the Supervisory Board. These company authorities are guided by the needs of the enterprise and consider a candidate's professional experience, skills and education.

- Principle 2.11.3 is applied, but the Supervisory Board report is not as elaborate.
- Principle 2.11.5. – Due to the low amount of these expenses, the Supervisory Board does not assess them in its report.
- Principle 2.11.6. - This principle is not applied, as the Issuer does not apply principle 2.1.

Part III – internal systems and functions:

- Principle 3.3. - The supervisory board and the audit committee assess whether it is necessary to appoint an auditor. Thus far, the internal audit function has been carried out as set out in the clarifications to principles 3.1 and 3.2. Once a year, persons responsible for the internal control and risk management system submit to the management board and the supervisory board a report on the annual assessment of the functioning of the company's internal control and risk management system. In the Management Board's opinion, the system meets the requirements of proportionality and adequacy in relation to the individual needs, measured mainly based on the size, type and scale of the Issuer's business.
- Principle 3.7. Given the size of the Group companies, the systems and functions referred to in principle 3.1 are performed by different organisational units and the reporting lines do not always correspond to those set out in principles 3.4-3.6.
- Principle 3.8. - An efficiency assessment is presented by the Management Board along with other information communicated to the Supervisory Board, not in the form of a separate report.

Part IV – general Meeting and shareholder relations:

- The Issuer does not fully apply principle 4.1. While it broadcasts the GSM, its corporate documents (Statute and Rules of the General Meeting) do not provide for the possibility to participate, take the floor and exercise the voting right at the General Meeting by means of electronic communication. In the Issuer's opinion, complying with that recommendation involves technical and legal hazards which may affect correct and uninterrupted session of the General Meetings as well as the genuine, reliable and secure transmission of information in real time.

Part VI – remuneration:

- Principle 6.4. - According to the Remuneration Policy for members of the Management Board and the Supervisory Board of Quantum software SA, remuneration is paid for participating in each Supervisory Board meeting in an amount determined by the general meeting. There is no additional remuneration for the performance by members of the Supervisory Board of functions

in the Supervisory Board or in its committees. In the opinion of the Management Board, the above rules for remunerating the members of the Supervisory Board ensure its proper functioning.

III. Main characteristics of the company's internal control and risk management systems applicable to the process of preparing financial statements and consolidated financial statements.

The Management Board of the parent company is responsible for the internal audit system and its effectiveness in the process of preparing financial statements and interim reports, which are prepared and published in accordance with the principles laid down by the Ordinance of the Minister of Finance of 29 March 2018 regarding current and interim information submitted by the issuers of securities, and the conditions of recognising as equivalent the information required under the laws of a non-member state.

The process of preparing the financial data for statutory reporting is automated and based on Quantum's consolidated financial and accounting system. The preparation of the data in the source systems is subject to formalised operational and approval procedures, which define the individual responsibilities. The Management Board and senior management supervise the individual areas of activity, processes and products. Key personnel are responsible for the creation, implementation, operation and monitoring of an effective and efficient internal control system as well as for identifying and monitoring any risks borne.

One of the main controls in the process of preparing the Group's financial statements is the verification by independent statutory auditors. The statutory auditor is appointed from among independent entities which ensure a high standard of services and impartiality. The statutory auditor is appointed by the parent company's Supervisory Board. In particular, the statutory auditor's tasks include: reviewing semi-annual separate and consolidated financial statements, and auditing annual separate and consolidated financial statements. The statutory auditor's independence is of fundamental importance for ensuring a correct audit of the accounting books. The financial statements are also formally reviewed and assessed by the parent company's supervisory body (Supervisory Board). Pursuant to article 4a of the Accounting Act of 29 September 1994, the Supervisory Board is responsible for ensuring that the financial statements and the management report satisfy the legal requirements. To fulfil this obligation, the Supervisory Board uses the competences provided for by the law and by the parent company's

statute. This is another level of control exercised by an independent body, ensuring that the information presented in the separate and consolidated financial statements are true and fair.

The Audit Committee, appointed from among the members of the parent company's Supervisory Board, supervises the financial reporting process. The Audit Committee supervises the financial reporting process to ensure the balance, transparency and integrity of the financial disclosures. The Audit Committee is composed of five members of the Supervisory Board, two of whom meet the independence criteria.

In the opinion of the Supervisory Board, the internal control system is suitable for the extent and profile of the risk associated with the parent company's business, and material risks to the Capital Group of Quantum software SA's operations are managed adequately and effectively.

IV. Shareholders who, directly or indirectly, hold substantial stakes of shares, the number of shares held by such parties, their percentage share in the share capital, the number of votes resulting from the shares and their percentage share in the overall number of votes at the general meeting

According to knowledge available to the parent company, as of 31 December 2021 and 29 April 2022, i.e. the publication date of this report, Quantum Assets sp. z o.o., having its registered office in Krakow (in connection with the acquisition of Minvesta sp. z o.o.), holds 675,421 registered series A shares with a voting preference, which in total account for 49.49% of the Issuer's share capital and are vested with the right to exercise 1,350,842 votes at the General Meeting, i.e. 63.87% of total votes, and holds 295,491 bearer shares, which in total account for 21.65% of the Issuer's share capital and are vested with the right to exercise 295,491 votes at the General Meeting, representing 13.97% of total votes.

Since the publication of the report for Q3 2021, the shareholder holding more than 5% of the total number of votes at the Issuer's general meeting has not changed.

V. Identification of holders of all securities with special control rights and a description of these rights

The Issuer holds series A registered preference shares that are not admitted to trading on the regulated market. The series A registered shares are preference shares, i.e. one share is vested

with two votes at the general meeting. The series B, C and D shares are ordinary bearer shares and are not limited in their selling.

Holders of the Issuer's series A registered shares with special control rights in the company as of the publication date of this report:

Shareholder	Number of series A shares and their share in the share capital	Number of votes at the GSM from series A shares and their share in the total number of votes
Quantum Assets sp. z o.o.	675,421 (49.49%)	1,350,842 (63.87%)
Tomasz Hatala	28,181 (2.06%)	56,362 (2.67%)
Bogusław Ożóg	19,150 (1.40%)	38,300 (1.81%)
Marek Jędra	6,384 (0.47%)	12,768 (0.60%)
Robert Dykacz	11,832 (0.87%)	23,664 (1.12%)
Tomasz Mnich	2,648 (0.19%)	5,296 (0.25%)
Tomasz Polończyk	6,384 (0.47%)	12,768 (0.60%)
Total number of the company's series A shares and votes vested with them	750,000 (54.95%)	1,500,000 (70.92%)

VI. All restrictions regarding the exercise of the right to vote, such as restricted right to vote by holders of a given share or number of votes, temporary restrictions on the right to vote or provisions under which, in consultation with the company, capital rights linked to securities are separated from the holding of securities

The Issuer did not issue any shares with the above restrictions.

VII. Identification of all restrictions on the transfer of ownership title to the issuer's securities

The Issuer did not issue any securities with any restrictions on their transfer.

VIII. Description of rules for amending the Issuer's Articles of Association

In order to amend the Issuer's Articles of Association, a resolution of the General Meeting passed with a 3/4 majority of votes and an entry into the register of businesses are required.

IX Description of principles regulating the appointment and dismissal of managerial staff and their rights, in particular, the right to decide on the issue or purchase of shares

The President and other members of the Management Board of the parent company are appointed and dismissed by the Supervisory Board. The term of office of the Management Board of the parent company is three years. The Management Board is composed of 1-5 members and the number of its members is determined by the Supervisory Board. The members of the Management Board of the parent company are appointed for a joint term of office. The mandates of the members of the Management Board expire as of the date of the General Meeting. An approval of the financial statements for the last full financial year in which the member of the Management Board held their function is required. The parent company's Management Board manages and represents it before court and in other matters. Declarations of intent on behalf of the parent company must be made by two members of the Management Board acting jointly.

The responsibilities of the parent company's Management Board include all matters which are not restricted to the competence of the General Meeting and the Supervisory Board.

The decisions of the parent company's Management Board are made in the form of resolutions passed by an absolute majority of votes. The resolutions of the Management Board are passed by way of an open ballot. The procedures of the parent company's Management Board, which define in particular the matters that require resolutions, are specified in the Rules adopted by the Supervisory Board. The Management Board prepares and maintains documentation of the parent company's organisational activities. In particular, the Management Board:

- performs all registrations required under the applicable laws;
- publishes information required by the law and the parent company's Statute in the manner specified in the law and the Statute;
- convenes the parent company's General Shareholders' Meetings and maintains documentation of the convention and the course of the meetings;
- maintains a share register;

- keeps the minutes of the Supervisory Board;
- provides the Supervisory Board and the General Shareholders' Meeting of the parent company with detailed clarification regarding the group's operations;
- prepares the parent company's management report for the previous financial year;
- prepares a draft distribution of profit or coverage of loss for the financial year;
- determines and announces the dividend payment date;
- maintains the Rules of the Management Board, and other rules.

The members of the parent company's Management Board participate in every General Meeting and answer any questions asked during the meeting. In addition, the members of the Management Board who are invited to a meeting of the Supervisory Board by the Chairman of the Supervisory Board participate in the meeting and have the right to take the floor on matters listed in the agenda.

Any decisions on the issue or buyout of the Issuer's shares are made by the General Meeting.

Pursuant to Article XIII of the parent company's Statute, the share capital can be increased through the issue of new shares. The Statute authorises the Management Board to determine the issue price. Newly issued shares can be registered shares and bearer shares, and can be paid for in cash or by way of a contribution in kind. The shares are indivisible. The Management Board is authorised to issue the shares in multiple-share certificates. The shares bear the parent company's stamp and the Management Board's signature. The Management Board's signature can be reproduced mechanically. In the case of joint ownership of shares, the joint owners exercise their rights through either owner or through an authorised joint representative.

X. Procedures of the General Meeting, its main rights and the description of the shareholders' rights and the exercise of these rights, in particular the principles resulting from the rules of the general meeting (if such rules have been adopted), unless such information is directly required under the law

The Issuer's General Meeting acts according to the applicable law, including the provisions of the Commercial Companies Code, the Act on trading in financial instruments (Journal of Laws 09.13.69), the parent company's Statute and the Rules of the General Meeting.

The Issuer's Ordinary General Meeting is convened by the Management Board, and it is held by 30 June of each calendar year. The Extraordinary General Meeting is convened by the Management Board on its own initiative, at the request of the Supervisory Board or at the request of the shareholders representing at least 1/20 of the share capital. The General Meetings are held in Krakow or in Warsaw. The information about the convention of the GSM is published in a current report and in an announcement on the Issuer's website. The announcement must be made at least twenty-six days prior to the date of the general meeting. The announcement on the general meeting of a public company must include at least the information referred to in Article 402² of the Commercial Companies Code.

The following matters require a resolution of the General Meeting:

1. examining and approving of the parent company's financial statements, and management report for the previous year,
2. specifying the rules for remunerating members of the Supervisory Board;
3. approving the rules of the General Meeting and the Supervisory Board;
4. appointing liquidators when necessary;
5. deciding on whether to exclude all or a portion of profits from distribution;
6. appointing and dismissing the Supervisory Board.

The GSM passes resolutions on matters which fall within its responsibilities, in particular those specified in the Commercial Companies code, the GSM rules and the parent company's Statute. Subject to the situations specified in the Commercial Companies Code and in the Articles of Association, the resolutions are passed by an ordinary majority of votes. According to the Articles of Association, the resolution on abandoning an item on the agenda at the shareholders' request, is passed by the GSM by a 75% majority of votes, after obtaining approval from all present shareholders who requested the examination of such item. The GSM's resolutions are included in the minutes prepared by a civil law notary. The GSM's resolutions are subject to claims before court according to the procedures and terms specified in the Commercial Companies Code.

The shareholders have the right to participate in the General Meeting and exercise the right to vote vested with the registered shares in person or through attorneys. The power of attorney to participate in the general meeting and exercise the right to vote must be granted in writing or in electronic form. A power of attorney granted in electronic form does not require a secure

electronic signature verified by a valid qualified certificate. The representatives of shareholders who are legal persons must have valid excerpts from the respective commercial register or the National Court Register, listing the persons authorised to represent such entities, or bear a power of attorney signed by the persons listed in the excerpt. The power of attorney authorising to participate in the general meeting and to exercise the right to vote granted in electronic form must be sent to the e-mail address for investor contact on the parent company's website, not later than 2 days prior to the respective general meeting. Every series A registered share of the Issuer is vested with two votes at the General Meeting, while series B, C and D shares are ordinary bearer shares, with each share vested with one vote at the General Meeting. The right to participate in the general meeting of a public company is reserved for persons who are listed as the company's shareholders sixteen days prior to the date of the general meeting (record date). The individuals authorised under registered shares and temporary certificates as well as pledges and users with the right to vote are entitled to participate in the general meeting of a public company if they are entered into the share register as of the record date. The bearer shares in document form are vested with the right to participate in the general meeting of a public company if the share documents are submitted to the Issuer not later than on the record date and are not withdrawn by that date. In place of the shares, a statement issued as the proof of depositing the shares with a civil law notary, a bank or an investment company with registered office or branch in the territory of the European Union or a country that is a party to the EEA Agreement can be submitted, as specified in the announcement of the convocation of the general meeting. The statement must include the number of share documents and confirm that the share documents will not be withdrawn by the record date.

Each shareholder has the right to demand the copies of requests regarding the issues on the agenda of the upcoming General Meeting. Such a demand must be submitted to the parent company's Management Board. The copies of the requests must be issued not later than one week prior to the General Meeting.

Immediately after the Chairman of the General Meeting has been appointed, an attendance list of the persons participating in the General Meeting must be prepared, including the number of the Issuer's shares held by every participant and the number of votes vested with the shares. The Chairman is obliged to sign the list and make it available for peruse during the session of the General Meeting. Pursuant to Article 410 § 2, at the request of shareholders holding 1/10 of the share capital represented at the General Meeting, the attendance list must be checked by a committee appointed for this purpose.

According to the Issuer's Statute, the shareholders have the right to participate in the annual profit which the General Shareholders' Meeting has earmarked for distribution. The Management Board is authorised to make an advance payment to the shareholders on the expected dividend at the end of the financial year, provided that the Issuer has sufficient funds available. The interim dividend must be approved by the Supervisory Board.

XI. Composition and changes therein in the last financial year and description of the operations of the company's management and supervisory bodies, and of their committees.

As of 31/12/2021, the Management Board of the parent company was composed of:

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

On 27 April 2022, the members of the Management Board were appointed for a three-year term of office.

The detailed tasks of the Issuer's Management Board are described in the Rules of the Management Board, which are adopted by the Management Board and approved by the Supervisory Board.

Principles of operation of the parent company's Management Board

Declarations of intent on behalf of the parent company must be made by two members of the Management Board acting jointly. The Management Board's responsibilities include all matters which are not restricted to the competence of the General Meeting and the Supervisory Board.

The decisions of the Management Board are made in the form of resolutions passed by an absolute majority of votes. The resolutions of the Management Board are passed by way of an open ballot. The procedures of the Management Board, which define in particular the matters that require resolutions, are specified in the Rules adopted by the Supervisory Board. The Management Board prepares and maintains documentation of organisational activities. In particular, the Management Board:

- performs all registrations required under the applicable laws;

- publishes information required by the law and the Issuer's Statute in the manner specified in the law and the Statute;
- convenes the General Shareholders' Meetings and maintains documentation of the convention and the course of the meetings,
- maintains a share register;
- keeps the minutes of the Supervisory Board;
- provides the Supervisory Board and the General Shareholders' Meeting with detailed information regarding the Group;
- prepares the parent company's management report for the previous financial year;
- prepares a draft distribution of profit or coverage of loss for the financial year;
- determines and announces the dividend payment date;
- maintains the Rules of the Management Board, and other rules.

As of 31/12/2021, the Supervisory Board of the parent company was composed of:

Chairman of the Supervisory Board Leopold Kutyla
Vice-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

In 2021, the composition of the Supervisory Board did not change.

Principles of operation of the Supervisory Board

The Supervisory Board acts based on the adopted Rules of the Supervisory Board of Quantum software S.A. and the Issuer's Statute. The Supervisory Board is composed of five to nine members appointed by the General Meeting. The terms of office of the Supervisory Board lasts 3 years. If the mandate of the Chairman or the Member of the Supervisory Board expires before the end of the term of office, a new Chairman or Member is appointed in their place only for the remaining term of office of the other members of the Supervisory Board. At least two members of the Supervisory Board must meet the independence criteria.

The responsibilities of the Supervisory Board include:

- examining the annual financial statements and the parent company's management report, and making proposals on the distribution of profit or the coverage of loss,
- submitting a written report to the General Meeting, regarding the results of the activity referred to above,
- approving the purchase and sale of real property, perpetual usufruct title or interest in real property;
- approving the purchase of interests or shares in other businesses, acquisitions and incorporation of new businesses;
- allowing Members of the Management Board to become involved in competitive activity or a competitor company as a shareholder or as a member of its corporate bodies;
- examining other issues raised by the General Meeting;
- approving the granting of proxy by the Management Board;
- at the request of the Management Board, appointing a statutory auditor for auditing the parent company's annual financial statements.

The meetings of the Supervisory Board are convened by the Chairman at their own initiative or at the request of another member of the Supervisory Board or at the request of the Management Board. The Supervisory Board adopts its resolutions by an absolute majority of votes. The Supervisory Board may not pass a resolution regarding matters that are not on the agenda, unless all members of the Supervisory Board are present and nobody raises an objection. The Members of the Supervisory Board may participate in passing the Supervisory Board's resolutions through voting in writing via another Member of the Supervisory Board. Written votes may not be cast in respect of matters put on the agenda during the meeting of the Supervisory Board. The Supervisory Board's resolutions may be passed without holding a meeting, by written ballot or using telecommunication equipment. A resolution is valid if all members of the Supervisory Board have been notified about the content of the draft resolution.

As of 31/12/2021, the Audit Committee of the Supervisory Board of the parent company was composed of:

Chairman of the Committee Marcin Buczkowski

Member of the Committee Tomasz Polończyk

Member of the Committee Andrzej Ruciński

Operating principles of the Audit Committee of the parent company's Supervisory Board

The Audit Committee of the parent company's Supervisory Board, according to the Act of 7 May 2009 on statutory auditors and their professional association, entities authorised to audit financial statements and on public supervision, acts based on Resolution 21 of the Ordinary General Meeting of Quantum software S.A. of 17 May 2012.

The members of the Audit Committee, i.e. Marcin Buczkowski and Andrzej Ruciński, meet the independence requirements set out in Art. 129 of the Statutory Auditors Act. Both Mr Marcin Buczkowski and Mr Andrzej Ruciński have the know-how in the scope of accounting and auditing financial statements, gained in the course of their long-term professional activities. In addition, the Chairman of the Audit Committee took part in training on business accounting, taking into account in particular aspects of financial reporting and valuations of companies.

Another Member of the Audit Committee, i.e. Tomasz Polończyk, has knowledge and skills in the scope of the sector in which the Issuer operates. His professional education and many years of professional experience at managerial positions allow the statement that he is an expert in the scope of IT solutions applied in computing.

In particular, the Audit Committee is responsible for:

a) monitoring:

- of financial reporting process,
- the effectiveness of internal control systems, risk management and internal audit systems, including in the scope of financial reporting,
- the performance of financial review services, in particular the performance by the audit firm of the audit, taking into account all conclusions and findings of the Audit Committee resulting from the inspection performed at the audit firm;

b) controlling and monitoring of the independence of the statutory auditor and the audit firm, particularly in the case when the audit firm provides a public-interest entity with services other than audits;

- c) informing the Supervisory Board or another supervisory or control body of an entity of public concern about the findings of the audit, and explaining how the audit has contributed to the reliability of financial reporting in the entity of public concern, and explaining the role of the Audit Committee in the audit process;
- d) carrying out the assessment of the independence of the statutory auditor and expressing consent to the provision thereby of permitted non-audit services in the public-interest entity;
- e) developing a policy for the selection of an audit firm to carry out the audit;
- f) developing a policy for the provision of permitted non-audit services by the audit firm carrying out the audit, by affiliates of the audit firm and by a member of the audit firm's network;
- g) setting out a procedure for the selection of an audit firm by a public-interest entity;
- h) submitting recommendations aimed at ensuring the reliability of the financial reporting process in the public-interest entity.

The Audit Committee is a standing committee of the Supervisory Board. In an open ballot, the Supervisory Board appoints one of the Members of the Audit Committee as the Chairman. The Supervisory Board may at any time dismiss the Chairman of the Audit Committee, leave them within the Committee and appoint another Chairman. The Members of the Committee hold their functions for the term of office of the Supervisory Board. The Supervisory Board may, at any time, dismiss the individual Members of the Audit Committee before the expiry of a Supervisory Board member's mandate. Dismissing a member from the Committee is not tantamount to dismissing them from the Supervisory Board. The mandate of each member of the Committee expires as of the expiry of a Supervisory Board member's mandate.

The Audit Committee holds sessions when required, but the sessions are held at least before the Issuer's publication on WSE of the annual, semi-annual and two quarterly financial statements (for the first and third quarter).

The sessions of the Audit Committee are convened by the Chairman on the Chairman's own initiative or at the request of a member of the Audit Committee. At the request of a member of the Audit Committee or on the Chairman's own initiative, the Chairman of the Audit Committee may invite persons from outside the Audit Committee to participate in the sessions, in particular persons with specialist expertise, as well as members of the Management Board in order to provide detailed explanations or express opinion on the subject of the session. Such persons must leave the session of the Committee when the issues discussed concern them directly and at the request of a member of the Audit Committee. The Chairman of the Audit Committee directs

the Committee's work. The Chairman also supervises the preparation of the agenda, the distribution of documents and the preparation of minutes from the committee's sessions.

In 2021, the Audit Committee held three meetings, i.e. on 15 April, 3 September and 3 December, during which the members of the Audit Committee reviewed the way the Issuer's financial statements are prepared, discussed the accuracy of the entries in the financial statements with the auditor, assessed the management and control systems, including the management of the FX risk, and risks associated with the Group's day-to-day operations. Moreover, the Committee controlled the independence of the auditor.

In addition, the parent company complies with the applicable laws concerning the change of the audit firm and of the key statutory auditor at the required intervals.

PRO AUDYT sp. z o.o. and the members of the audit team met the conditions for preparing an unbiased and independent report from the audit of the annual statutory financial statements of the Issuer.

The Issuer complies with the restriction on the provision of non-audit services by the audit firm performing the audit, by parties related to the audit firm or by a member of the audit firm's network, except for services from the list of permitted services, as defined in the Act on Statutory Auditors. In 2021, PRO AUDYT sp. z o.o. provided permitted non-audit services to the Issuer, i.e. it issued an opinion on the Annual Report on the Remuneration of the Management Board and Supervisory Board of Quantum software SA for 2019-2020.

Krakow, 29/04/2022

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

Declaration of the Management Board
on compliance of the annual consolidated financial statements and the Management
Report
of Quantum software S.A. Capital Group

We, the undersigned, declare that to the best of our knowledge, the annual consolidated financial statements of Quantum software S.A. for the financial year 2021 and comparative data were presented in compliance with the applicable accounting principles and they reflect in a true, reliable and transparent manner the assets and financial situation of Quantum software Capital Group and its financial result.

Furthermore, we declare that the Management Board's annual report on the activity of Quantum software Capital Group for FY 2021 gives a true and fair view of the development, achievements and situation of the Group as well as a description of the main threats and risks.

Krakow, 29/04/2022

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

**Information from the Management Board
of Quantum software S.A.
on the selection of an audit firm to carry out the audit of the annual consolidated financial
statements for the financial year 2021**

Based on the statement of the Supervisory Board of Quantum software S.A., the Management Board declares that:

- a) The audit firm auditing the annual consolidated financial statements for FY 2021 has been selected according to the applicable laws, including the regulations governing the selection and Procedure for the selection of the audit firm in force at the Parent Company;
- b) the audit firm and the members of the team carrying out the audit fulfilled the conditions concerning the preparation of an unbiased and independent report on the audit of the annual consolidated financial statements, pursuant to applicable provisions, standards of practising the profession and principles of professional ethics;
- c) The Issuer and the audit firm comply with the applicable regulations governing the rotation of the audit firm and key statutory auditor, and the mandatory rotation intervals.
- d) The Issuer has a policy in place for selecting an audit firm and for the provision to the Issuer of non-audit services by the audit firm, its related party or a member of its network, including services subject to a conditional exemption from the prohibition of being provided by an audit firm.

Krakow, 29/04/2022

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

Krakow, 27/04/2022

**Report of the operations of the Supervisory Board of Quantum software S.A.
for FY 2021, including an assessment of the Supervisory Board's work**

I. The composition of the Supervisory Board in FY 2021 was as follows:

1. Leopold Kutyla – Chairman of the Supervisory Board
2. Tomasz Polonczyk – Vice-Chairman of the Supervisory Board
3. Henryk Gaertner – Member of the Supervisory Board
4. Andrzej Ruciński – Member of the Supervisory Board
5. Marcin Buczkowski – Member of the Supervisory Board

II. The operating rules and procedures of the Supervisory Board of Quantum software S.A.
are regulated by the provisions on public capital companies and the following:

- Articles of Association of Quantum software S.A.
- Rules of the Supervisory Board of Quantum software S.A.
- Corporate governance rules

In 2021, the Supervisory Board of Quantum software S.A., based in Krakow, held three sessions (on 15 April, 3 September and 3 December); the sessions were held via the Zoom Meeting platform. During the sessions, the Members of the Supervisory Board were present in a number allowing for the adoption of resolutions. The average turnout was 5 (five) out of 5 (five) Supervisory Board members.

The Supervisory Board constantly supervised the Company's operations. In particular, supervision and monitoring included the following:

- monitoring and analysing the Company's financial situation, and assessment,
- analysing interim financial statements,
- reading the Management Board's interim information concerning the Company's current and planned operations,
- formal and legal business related to the Supervisory Board's activity.

As part of the performance of its tasks, the Supervisory Board passed the following resolutions in 2021:

- it assessed the Company's and the Capital Group's management reports and financial statements for FY 2020;
- it decided on the allocation of the profit of PLN 2,880,072.89 [two million eight hundred and eighty thousand seventy-two and 89/100];
- it recommended granting discharge to the members of the Management Board in respect of their performance of duties in 2020;

- it examined and expressed its opinion on the Company's financial results after the first two months of 2021.
- it examined and expressed its opinion on the Company's financial results after the consecutive quarters of 2021.

The Issuer's Supervisory Board is composed of the minimum number of members required by the law. An audit committee was selected within the Supervisory Board. It includes the following members of the Supervisory Board:

1. Marcin Buczkowski (Chairman of the Audit Committee)
2. Tomasz Polonczyk
3. Andrzej Ruciński

The Supervisory Board declares that the company complies with the regulations on the appointment, composition and functioning of the Audit Committee, the fulfilment by its members of the independence criteria and the requirements for having adequate knowledge and skills in the industry in which the Issuer operates as well as in accounting and auditing. In 2021, the Audit Committee fulfilled the tasks provided for in the applicable regulations.

The Supervisory Board fulfils the independence criterion because 3 out of 5 of its members are not related to a shareholder holding at least 5% of total votes at the Company's general meeting. With its basic composition, the supervisory Board is able to perform duties related to audit. With its basic composition, the supervisory Board is able to perform duties related to audit.

Pursuant to Article 382 (3) of the Commercial Companies Code, the Supervisory Board assessed:

1. the Company's financial statements for 2021,
2. the Management Report of the Company for the period 01/01/2021 – 31/12/2021;
3. the Management Report of the Capital Group for the period 01/01/2021 – 31/12/2021;
4. the Capital Group's consolidated financial statements for 2021.

Considering the above, the Supervisory Board requests the Ordinary General Meeting of Quantum software S.A. to approve the following:

1. the Management Report of the Company for the period 01/01/2021 – 31/12/2021.
2. the Company's financial statements for 2021,
3. the Management Report of the Capital Group for the period 01/01/2021 – 31/12/2021;
4. the Capital Group's consolidated financial statements for 2021.

III. Assessment of the work of the Supervisory Board of Quantum software S.A., the internal control system and the system for managing the Company's material risks

The Supervisory Board has positively evaluated its activity in terms of correct functioning of the internal control system and the system for managing the Company's material risks, which, in the opinion of the Supervisory Board, served to ensure correct financial information in the interim statements and reports. In the opinion of the Supervisory Board, the internal control system is suitable for the extent and profile of the risk associated with the Company's business, and material risks to Quantum's operations are managed adequately and effectively.

The process of preparing the financial data for statutory reporting is automated and based on Quantum's consolidated financial and accounting system. The preparation of the data in the source systems is subject to formalised operational and approval procedures, which define the individual responsibilities. The Management Board and senior

management supervise the individual areas of activity, processes and products. Key personnel are responsible for the creation, implementation, operation and monitoring of an effective and efficient internal control system as well as for identifying and monitoring any risks borne. The financial statements are also formally reviewed and approved by the company's supervisory body (Supervisory Board).

IV. Assessment of the Company's fulfilment of its disclosure obligations with respect to applying corporate governance

The Supervisory Board expresses a positive opinion on the Company's fulfilment of its disclosure obligations with respect to applying corporate governance. As a standard, in its annual reports, the Company includes the Management Board's statement of compliance with corporate governance rules, taking account of any changes of those rules and any rules which do not apply to or are not applied by the Company. Irrespective of the above, the Company submits a statement using the EBI system. The Supervisory Board verifies data concerning the fulfilment of the Issuer's disclosure obligations by analysing reports published by the Issuer, relevant explanations provided by the Management Board and verifying documents provided to it. In addition, members of the Supervisory Board contact members of the Issuer's Management Board directly to obtain more information and explanations on the above-mentioned obligation.

The Issuer has not drawn up a formal diversity policy for the Management Board and Supervisory Board. When making HR decisions, the Issuer is guided by the needs of the enterprise and considers a candidate's professional experience, skills and education. Factors such as age and gender of a candidate or representing any majority or minority are of no consequence when making such decisions. The Issuer's Diversity Policy adopted by the Management Board concerns the overall organisation of the Issuer, but it does not provide for a minority participation in a company authority of at least 30%.

This report was adopted by the Supervisory Board by way of resolution on 27 April 2022.

Leopold Kutyla
Chairman of the Supervisory Board