



**INDIVIDUAL AND  
CONSOLIDATED  
PERIODIC REPORT**

**Spyrosoft S.A.**

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**FOURTH QUARTER 2019**

Wrocław, 14 February 2020



The report of Spyrosoft S.A. for the fourth quarter 2019 was prepared in accordance with the current legal status, based on the Regulations of the Alternative Trading System of the Management Board of the Warsaw Stock Exchange and Appendix No. 3 to the ATS reg. - "Current and periodic information provided in the Alternative Trading System on the NewConnect market".

**Spyrosoft Spółka Akcyjna**

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KRS (National Court Register) Share capital: PLN 104.866,60

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**THE BOARD OF DIRECTORS:**

Konrad Weiske - President of the Management Board

Wojciech Bodnaruś - Member of the Management Board

Sebastian Łękawa - Member of the Management Board

Sławomir Podolski - Member of the Management Board



## I. QUARTERLY BRIEF FINANCIAL STATEMENT

The report comprises a summary and consolidated financial statements covering the balance sheet, profit and loss account, cash flow statement and statement of changes in equity for the fourth quarter 2019, along with comparative data for the same period 2018.

### Individual financial data

#### BALANCE SHEET

ASSETS	As of 31.12.2019	As of 31.12.2018
<b>A. FIXED ASSETS</b>	<b>4,447,027.74</b>	<b>773,833.32</b>
I. Intangible assets	87,378.60	6,050.24
II. Tangible fixed assets	3,274,810.30	564,150.17
III. Long-term receivables	873,149.46	0.00
IV. Long-term investments	153,374.42	153,374.42
V. Long-term prepayments	58,314.96	50,258.49
<b>B. CURRENT ASSETS</b>	<b>13,178,478.11</b>	<b>8,780,617.05</b>
I. Inventory	100,804.06	26,803.02
II. Short-term receivables	11,165,443.18	5,954,022.53
III. Short-term investments	1,799,002.09	2,752,618.88
IV. Short-term prepayments	113,228.78	47,172.62
<b>C. CALLED-UP SUBSCRIBED CAPITAL</b>	<b>0.00</b>	<b>0.00</b>
<b>D. OWN SHARES (STOCKS)</b>	<b>0.00</b>	<b>0.00</b>
<b>TOTAL ASSETS:</b>	<b>17,625,505.85</b>	<b>9,554,450.37</b>

LIABILITIES	As of 31.12.2019	As of 31.12.2018
<b>A. EQUITY</b>	<b>5,262,902.29</b>	<b>2,026,618.74</b>
I. Share capital	102,976.60	101,890.00
II. Supplementary capital (fund)	107,573.40	0.00
III. Revaluation capital (fund)	0.00	0.00
IV. Other reserve capitals	1,890.00	0.00
V. Profit (loss) from previous years	1,924,728.74	341,084.67
VI. Net profit (loss) for the financial year	3,125,733.55	1,583,644.07
VII. Write-offs on net profit during the financial year (negative value)	0.00	0.00
<b>B. LIABILITIES AND PROVISIONS FOR LIABILITIES.</b>	<b>12,362,603.56</b>	<b>7,527,831.63</b>
I. Provisions for liabilities	1,141,265.72	250,224.45
II. Long-term liabilities	2,214,953.95	0.00
III. Short-term liabilities	9,006,056.14	7,277,607.18
IV. Accruals and prepayments	327.75	0.00
<b>TOTAL LIABILITIES:</b>	<b>17,625,505.85</b>	<b>9,554,450.37</b>

**PROFIT AND LOSS STATEMENT**

	From 01.10.2019 To 31.12.2019	From 01.10.2018 To 31.12.2018	From 01.01.2019 To 31.12.2019	From 01.01.2018 To 31.12.2018
<b>A Net revenues from sales of products, goods and materials, including:</b>	<b>15,883,802.64</b>	<b>10,101,964.10</b>	<b>52,776,452.82</b>	<b>27,874,659.14</b>
including: from related parties	4,190,043.35	1,972,190.55	14,106,514.43	6,291,302.51
I. Net revenues from sales of products	15,883,602.64	10,065,241.90	52,551,856.51	27,791,302.91
II. Net revenues from sales of goods and materials	200.00	36,722.20	224,596.31	83,356.23
<b>B. Costs of sold products, goods and materials, including:</b>	<b>12,633,719.88</b>	<b>7,744,827.48</b>	<b>40,813,551.57</b>	<b>21,986,140.06</b>
including: from related parties	0.00	0.00	0.00	0.00
I. Cost of manufacture of sold products	12,633,719.88	7,708,105.28	40,786,232.05	21,903,050.77
II. Value of sold goods and materials	0.00	36,722.20	27,319.52	83,089.29
<b>C. Profit / loss (gross) on sales (A-B)</b>	<b>3,250,082.76</b>	<b>2,357,136.62</b>	<b>11,962,901.25</b>	<b>5,888,519.08</b>
<b>D. Sale expenses</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>E. G &amp; A cost</b>	<b>2,555,514.61</b>	<b>1,171,866.38</b>	<b>7,709,521.53</b>	<b>3,720,790.38</b>
<b>F. Profit (loss) on sales (C-D-E)</b>	<b>694,568.15</b>	<b>1,185,270.24</b>	<b>4,253,379.72</b>	<b>2,167,728.70</b>
<b>G. Other operating revenues</b>	<b>20,941.69</b>	<b>12,768.11</b>	<b>181,088.68</b>	<b>57,134.77</b>
I. Gains from non-financial fixed assets	0.00	1,193.43	0.00	21,161.12
II. Subsidies	0.00	0.00	0.00	0.00
III. Revaluation of non-financial assets	0.00	0.00	0.00	0.00
IV. Other operating revenues	20,941.69	11,574.68	181,088.68	35,973.65
<b>H. Other operating expenses</b>	<b>56,718.94</b>	<b>16,133.30</b>	<b>248,176.57</b>	<b>47,214.26</b>
I. Loss on disposal of non-financial fixed assets	17,767.66	0.00	36,889.53	0.00
II. Revaluation of non-financial assets	0.00	0.00	0.00	0.00
III. other operating expenses	38,951.28	16,133.30	211,287.04	47,214.26
<b>I. Profit (loss) on business activities (F+G-H)</b>	<b>658,790.90</b>	<b>1,181,905.05</b>	<b>4,186,291.83</b>	<b>2,177,649.21</b>
<b>J. Financial revenues</b>	<b>25,328.58</b>	<b>14,537.41</b>	<b>38,872.83</b>	<b>14,537.49</b>
I. Dividend and profit sharing, including	0.00	0.00	0.00	0.00
a) from related parties, including	0.00	0.00	0.00	0.00
- where the company has a contribution in the capital	0.00	0.00	0.00	0.00
b) from other entities, including	0.00	0.00	0.00	0.00
- where the company has a contribution in the capital	0.00	0.00	0.00	0.00
II. Interest, including:	16,378.08	2,367.20	16,378.08	2,367.20
- from related parties	16,378.08	2,367.12	16,378.08	2,367.12
III. Profit from expenditures of financial assets, including:	0.00	0.00	0.00	0.00
- in related parties	0.00	0.00	0.00	0.00
IV. Revaluation of investments	0.00	0.00	0.00	0.00
V. Other	8,950.50	12,170.29	22,494.75	12,170.29
<b>K. Financial expenses</b>	<b>137,667.84</b>	<b>111,766.82</b>	<b>317,997.72</b>	<b>157,697.18</b>
I. Interest, including:	68,171.00	71,116.58	80,953.16	94,028.91
- for related parties	0.00	0.00	0.00	0.00
II. Loss from expenditures of financial assets, including:	0.00	0.00	0.00	0.00
- in related parties	0.00	0.00	0.00	0.00
III. Revaluation of investments	0.00	0.00	0.00	0.00
IV. Other	69,496.84	40,650.24	237,044.56	63,668.27
<b>L. Gross profit (loss) (I+J-K)</b>	<b>546,451.64</b>	<b>1,084,675.64</b>	<b>3,907,166.94</b>	<b>2,034,489.52</b>
<b>M. Income tax</b>	<b>109,290.33</b>	<b>275,790.45</b>	<b>781,433.39</b>	<b>450,845.45</b>
<b>N. Other obligatory decrease in profit (increase in loss)</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>O. Net profit (loss) (L-M-N)</b>	<b>437,161.31</b>	<b>808,885.19</b>	<b>3,125,733.55</b>	<b>1,583,644.07</b>

**CASH FLOW**

Specification	From 01.10.2019 To 31.12.2019	From 01.10.2018 To 31.12.2018	From 01.01.2019 To 31.12.2019	From 01.01.2018 To 31.12.2018
<b>A. CASH FLOWS FROM OPERATING ACTIVITIES</b>				
I. Net profit (loss)	437,161.31	808,885.19	3,125,733.55	1,583,644.07
II. Total adjustments	-142,486.91	659,379.61	-1,003,255.78	-1,115,536.10
III. Net cash flows from operating activities (I +/- II)	294,674.40	1,468,264.80	2,122,477.77	468,107.97
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>				
I. Inflows	8,907.25	95,834.83	2,098,996.29	95,834.83
II. Outflows	196,975.86	503,077.85	3,036,584.17	945,067.58
III. Net cash flows from investment activities (I - II)	-188,068.61	-407,243.02	-937,587.88	-849,232.75
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>				
I. Inflows	565,489.46	403,590.21	674,149.46	2,313,738.08
II. Outflows	282,680.18	31,132.67	2,899,034.22	54,045.00
III. Net cash flows from financial activities (I - II)	282,809.28	372,457.54	-2,224,884.76	2,259,693.08
<b>D. TOTAL NET CASH FLOWS (A.III+/- B.III+/-C.III)</b>	389,415.07	1,433,479.32	-1,039,994.87	1,878,568.30
<b>E. CHANGE IN CASH</b>	389,415.07	1,433,479.32	-1,039,994.87	1,878,568.30
<b>F. CASH OPENING BALANCE</b>	955,788.52	951,719.14	2,385,198.46	506,630.16
<b>G. CLOSING BALANCE OF CASH AT END OF PERIOD (F+/-D)</b>	1,345,203.59	2,385,198.46	1,345,203.59	2,385,198.46

**STATEMENT OF CHANGES IN EQUITY (FUND)**

Specification	As of 31.12.2019	As of 31.12.2018
<b>I.a. Opening balance of equity(BO)</b>	2,026,618.74	441,084.67
<b>I.a. Opening balance of equity (BO), after adjustments</b>	2,026,618.74	441,084.67
<b>II. Closing balance of the equity (BZ)</b>	5,262,902.29	2,026,618.74
<b>III. Equity after proposed distribution of profit (loss coverage)</b>	5,262,902.29	2,026,618.74



## Consolidated financial data

### BALANCE SHEET

ASSETS	As of 31.12.2019	As of 31.12.2018
<b>A. FIXED ASSETS</b>	<b>5,719,682.60</b>	<b>1,158,994.94</b>
I. Intangible assets	140,998.26	50,524.51
II. Goodwill of subsidiaries	25,077.78	0.00
III. Tangible fixed assets	3,645,277.05	758,148.91
IV. Long-term receivables	889,039.46	0.00
V. Long-term investments	755,346.05	293,271.70
VI. Long-term prepayments	263,944.00	57,049.82
<b>B. CURRENT ASSETS</b>	<b>22,659,194.29</b>	<b>12,021,275.11</b>
I. Inventory	111,511.49	26,803.02
II. Short-term receivables	18,079,382.85	9,507,820.01
III. Short-term investments	4,350,925.13	2,425,371.39
IV. Short-term prepayments	117,374.82	61,280.69
<b>C. CALLED-UP SUBSCRIBED CAPITAL</b>	<b>0.00</b>	<b>0.00</b>
<b>D. OWN SHARES (STOCKS)</b>	<b>0.00</b>	<b>0.00</b>
<b>TOTAL ASSETS:</b>	<b>28,378,876.89</b>	<b>13,180,270.05</b>
<b>LIABILITIES</b>	<b>As of 31.12.2019</b>	<b>As of 31.12.2018</b>
<b>A. EQUITY</b>	<b>8,794,392.93</b>	<b>3,265,864.44</b>
I. Share capital	102,976.60	101,890.00
II. Supplementary capital (fund)	107,573.40	0.00
III. Revaluation capital (fund)	0.00	0.00
IV. Other reserve capitals	1,890.00	0.00
V. Exchange rate differences	33,664.14	0.00
VI. Previous year profit (loss)	3,163,974.44	341,084.67
VII. Net profit (loss) for the financial year	5,384,314.35	2,822,889.77
VIII. Write-offs on net profit during the financial year (negative value)	0.00	0.00
B. Minority capital	2,336,809.53	1,104,155.06
<b>B. LIABILITIES AND PROVISIONS FOR LIABILITIES.</b>	<b>17,247,674.43</b>	<b>8,810,250.55</b>
I. Provisions for liabilities	1,542,271.36	270,463.67
II. Long-term liabilities	2,214,953.95	0.00
III. Short-term liabilities	13,262,834.93	8,539,786.88
IV. Accruals and prepayments	227,614.20	0.00
<b>TOTAL LIABILITIES:</b>	<b>28,378,876.89</b>	<b>13,180,270.05</b>



**PROFIT AND LOSS STATEMENT**

Specification	From 01.10.2019 To 31.12.2019	From 01.10.2018 To 31.12.2018	From 01.01.2019 To 31.12.2019	From 01.01.2018 To 31.12.2018
<b>A Net revenues from sales of products, goods and materials, including:</b>	<b>24,408,910.30</b>	<b>13,460,423.01</b>	<b>71,497,838.94</b>	<b>31,871,148.12</b>
including: from related parties	2,492.80	1,908,999.48	2,492.80	6,193,915.89
I. Net revenues from sales of products	24,408,710.30	13,423,700.81	71,273,242.63	31,802,243.11
II. Net revenues from sales of goods and materials	200.00	36,722.20	224,596.31	68,905.01
<b>B. Costs of sold products, goods and materials, including:</b>	<b>17,766,934.19</b>	<b>8,752,000.82</b>	<b>49,260,604.30</b>	<b>23,284,311.06</b>
including: from related parties	0.00	0.00	0.00	0.00
I. Cost of manufacture of sold products	17,766,934.19	8,715,278.62	49,233,284.78	23,215,672.99
II. Value of sold goods and materials	0.00	36,722.20	27,319.52	68,638.07
<b>C. Profit / loss (gross) on sales (A-B)</b>	<b>6,641,976.11</b>	<b>4,708,422.19</b>	<b>22,237,234.64</b>	<b>8,586,837.06</b>
<b>D. Sale expenses</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>E. G &amp; A cost</b>	<b>4,164,944.90</b>	<b>1,350,454.10</b>	<b>14,118,610.68</b>	<b>3,944,841.58</b>
<b>F. Profit (loss) on sales (C-D-E)</b>	<b>2,477,031.21</b>	<b>3,357,968.09</b>	<b>8,118,623.96</b>	<b>4,641,995.48</b>
<b>G. Other operating revenues</b>	<b>41,796.76</b>	<b>755.64</b>	<b>222,763.31</b>	<b>45,122.92</b>
I. Gains from non-financial fixed assets	1,249.12	1,193.43	1,249.12	21,161.12
II. Subsidies	0.00	0.00	0.00	0.00
III. Revaluation of non-financial assets	0.00	0.00	0.00	0.00
IV. Other operating revenues	40,547.64	-437.79	221,514.19	23,961.80
<b>H. Other operating expenses</b>	<b>76,299.73</b>	<b>4,127.76</b>	<b>301,828.37</b>	<b>35,209.06</b>
I. Loss on disposal of non-financial fixed assets	17,767.66	0.00	36,889.53	0.00
II. Revaluation of non-financial assets	0.00	0.00	0.00	0.00
III. other operating expenses	58,532.07	4,127.76	264,938.84	35,209.06
<b>I. Profit (loss) on business activities (F+G-H)</b>	<b>2,442,528.24</b>	<b>3,354,595.97</b>	<b>8,039,558.90</b>	<b>4,651,909.34</b>
<b>J. Financial revenues</b>	<b>7,098.76</b>	<b>17,481.52</b>	<b>29,134.21</b>	<b>17,832.86</b>
I. Dividend and profit sharing, including	0.00	0.00	0.00	0.00
a) from related parties, including	0.00	0.00	0.00	0.00
- where the company has a contribution in the capital	0.00	0.00	0.00	0.00
b) from other entities, including	0.00	0.00	0.00	0.00
- where the company has a contribution in the capital	0.00	0.00	0.00	0.00
II. Interest, including:	5,159.65	0.00	6,639.46	0.08
- from related parties	3,609.55	0.00	3,609.55	0.00
III. Profit from expenditures of financial assets, including:	0.00	0.00	0.00	0.00
- in related parties	0.00	0.00	0.00	0.00
IV. Revaluation of investments	0.00	0.00	0.00	0.00
V. Other	1,939.11	17,481.52	22,494.75	17,832.78
<b>K. Financial expenses</b>	<b>249,802.70</b>	<b>111,766.95</b>	<b>446,696.52</b>	<b>157,697.31</b>
I. Interest, including:	87,789.22	71,116.71	100,589.20	94,029.04
- for related parties	0.00	0.00	0.00	0.00
II. Loss from expenditures of financial assets, including:	0.00	0.00	0.00	0.00
- in related parties	0.00	0.00	0.00	0.00
III. Revaluation of investments	0.00	0.00	0.00	0.00
IV. Other	162,013.48	40,650.24	346,107.32	63,668.27
<b>L. Profit (loss) on sale of all or part of shares in subsidiaries</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>M. Profit (loss) on business activities</b>	<b>2,199,824.30</b>	<b>3,260,310.54</b>	<b>7,621,996.59</b>	<b>4,512,044.89</b>
<b>N. Goodwill write-off</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
I. Write-off of goodwill - subsidiaries	0.00	0.00	0.00	0.00

II. Write-off of goodwill - partially owned subsidiaries	0.00	0.00	0.00	0.00
<b>O. Write-off of negative goodwill</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
I. Write-off of negative goodwill - subsidiaries	0.00	0.00	0.00	0.00
II. Write-off of negative goodwill - partially owned subsidiaries	0.00	0.00	0.00	0.00
<b>P. Profit (loss) on shares in subordinated entities valuated acc. to the equity (accounting) method</b>	<b>128,367.15</b>	<b>62,503.35</b>	<b>452,885.16</b>	<b>189,897.28</b>
<b>R. Gross profit (loss) (M-N+O+/-P)</b>	<b>2,328,191.45</b>	<b>3,322,813.89</b>	<b>8,074,881.75</b>	<b>4,701,942.17</b>
<b>S. Income tax</b>	<b>560,916.64</b>	<b>602,907.34</b>	<b>1,458,047.04</b>	<b>824,897.34</b>
<b>T. Other obligatory decrease in profit (increase in loss)</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>U. Minority profits (losses)</b>	<b>521,977.25</b>	<b>923,488.83</b>	<b>1,232,520.36</b>	<b>1,054,155.06</b>
<b>W. Net profit (loss) (L-M-N)</b>	<b>1,245,297.56</b>	<b>1,796,417.72</b>	<b>5,384,314.35</b>	<b>2,822,889.77</b>





**CASH FLOW**

Specification	From 01.10.2019 To 31.12.2019	From 01.10.2018 To 31.12.2018	From 01.01.2019 To 31.12.2019	From 01.01.2018 To 31.12.2018
<b>A. CASH FLOWS FROM OPERATING ACTIVITIES</b>	-460,592.13	1,003,610.87	5,213,993.11	-13,544.44
I. Net profit (loss)	1,245,297.56	1,796,417.72	5,384,314.35	2,822,889.77
II. Total adjustments	-1,705,889.69	-792,806.85	-170,321.24	-2,836,434.21
III. Net cash flows from operating activities (I +/-II)	-460,592.13	1,003,610.87	5,213,993.11	-13,544.44
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>	-147,135.03	-248,227.96	-1,322,300.83	-248,227.96
I. Inflows	20,246.26	95,834.83	2,115,388.60	145,834.83
II. Outflows	167,381.29	349,962.54	3,437,689.43	783,295.54
III. Net cash flows from investment activities (I - II)	-147,135.03	-248,227.96	-1,322,300.83	-248,227.96
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>	225,308.44	677,457.54	-2,143,551.53	2,564,693.08
I. Inflows	673,200.59	708,590.21	781,860.59	2,618,738.08
II. Outflows	447,892.15	31,132.67	2,925,412.12	54,045.00
III. Net cash flows from financial activities (I - II)	225,308.44	677,457.54	-2,143,551.53	2,564,693.08
<b>D. TOTAL NET CASH FLOWS (A.III+/-B.III+/- C.III)</b>	-382,418.72	1,432,840.45	1,748,140.75	2,302,920.68
<b>E. CHANGE IN CASH</b>	-382,418.72	1,426,940.70	1,748,140.75	1,913,687.93
<b>F. CASH OPENING BALANCE</b>	4,550,877.56	993,377.39	2,420,318.09	506,630.16
<b>G. CLOSING BALANCE OF CASH AT END OF PERIOD (F+/- D)</b>	4,168,458.84	2,420,318.09	4,168,458.84	2,420,318.09

**STATEMENT OF CHANGES IN EQUITY**

Specification	As of 31.12.2019	As of 31.12.2018
<b>I.a. Opening balance of equity(BO)</b>	<b>3,265,864.44</b>	<b>441,084.67</b>
<b>I.a. Opening balance of equity (BO), after reconciliation to comparable data</b>	<b>3,265,864.44</b>	<b>441,084.67</b>
<b>II. Closing balance of the equity (BZ)</b>	<b>8,794,392.93</b>	<b>3,265,864.44</b>
<b>III. Equity after proposed profit distribution (loss coverage)</b>	<b>8,794,392.93</b>	<b>3,265,864.44</b>

## II. INFORMATION ON THE PRINCIPLES ADOPTED TO PREPARE THE REPORT, INCLUDING INFORMATION ON CHANGES IN APPLIED ACCOUNTING PRINCIPLES (POLICY)

The financial statement has been prepared in accordance with the Company's accounting policy. In the periods covered by the financial statements no changes in the applied accounting principles took place. The data is presented in Polish zloty.

### **Accounting principles (policy):**

#### **Discussion regarding the adopted accounting principles (policies), to the extent the Act offers an individual a right to choose, including:**

Shares and stocks in subsidiaries and other entities, both long-term and short-term, are evaluated at the purchase price with consideration to a possible impairment. Release of a long-term investment component is valued successively, at the prices of the components that the entity acquired the earliest (FIFO). Write-offs are made in case of permanent impairment of an investment, which takes place when there is a high probability that the investment will not generate expected economic profits in the future (partially or fully).

Financial liabilities are evaluated at their nominal value as of the date of the origin, and after initial booking, acc. to the adjusted purchase price. Short-term liabilities are evaluated at the value requiring payment due to insignificant discounting effects.

Monetary assets comprise assets in form of the national currency, foreign currency and foreign exchange. Cash assets also include accrued interest on financial assets. Financial assets payable or due within 3 months from their receipt, issuance, purchase or establishment (of a deposit) are classified as cash for the purposes of the cash flow statement.

#### **methods of valuation of assets and liabilities (including depreciation):**

Tangible fixed assets and intangible assets (including costs of completed development works) are valued acc. to acquisition price or production costs less depreciation or amortization write-offs and impairment losses. The Company applies annual depreciation rates determined individually for each fixed asset and intangible assets based on the expected period of use. Currently used property is depreciated at rates ranging from 14% to 50%. The correctness of accepted periods and depreciation rates is subject to regular verification. Fixed assets and intangible assets with the initial value exceeding PLN 0.5 thousand are recorded in the fixed assets register and depreciated on a straight-line basis from the month following the month of putting to use. Assets of lower value are also included into the fixed assets register and they are depreciated once.

Receivables are evaluated at the amount of the payment due, on the basis of the prudent valuation principle, and shown in the net value (after deduction of receivables write-offs). The value of receivables is subject to revaluation, based on degree of probability of their payment, by means of revaluation write-offs.

An entity makes prepayments if they relate to future reporting periods, unless the amount is insignificant for the financial statements, in which case the amount is recorded as an expense at the date of purchase of the goods or services.

Provisions for liabilities are evaluated at a reasoned, reliably valued value. Provisions are made for certain or highly probable future liabilities amount of which can be reliably estimated, and in particular for



losses on business transactions in progress, including guarantees, sureties, credit operations and the effects of pending legal proceedings.

**determination of the financial result:**

The financial net profit and loss figure comprises the result from operating activity, including other operating revenues and costs, the result from financial operations, obligatory charges to the financial result arising from the income tax which the entity is a taxpayer, and payments equal to it under separate regulations. The result from the operating activity is the difference between net revenues from the sale of products, goods and materials, including subsidies, discounts, rebates and other increases or decreases, without the VAT tax and other taxes directly related to turnover, and (between) other operating revenues and the value of sold products, goods and materials valued at production costs or purchase prices, increased by the total general management costs incurred since the beginning of the fiscal year, sales of products, goods and materials and other operating costs. The result of financial operations is the difference between financial revenues, in particular from dividends (shares in profits), interest, profits from sale and revaluation of investments other than those enumerated in Article 28.1.1a, as well as the surplus of positive exchange rate differences over negative ones, and financial costs, in particular from interest, losses from the sale and revaluation of investments other than those set out in Article 28.1.1a, the surplus of negative exchange rate differences over positive ones, except for interest, commissions, positive and negative exchange rate differences referred to in Article 28.4 and 8.2.

**determination of the manner the financial statements are prepared:**

The Company prepares financial statements on the grounds of the provisions established in the Accounting Act. The profit and loss account is presented as the calculation variant and the cash flow statement is based on the indirect method.

**principles governing preparation of individual financial statements:**

Financial statements of subsidiaries are generally prepared for the same reporting period as those for the parent unit (company). Only in case of consolidated financial statements for the fiscal year 2018, a subsidiary - Spyrosoft Solutions S.A. is presented for a shorter period, i.e. from 22 March 2018, i.e. from the date of registration of the company. The consolidated financial statement is prepared on the basis of consistent accounting principles, based on consolidated accounting principles applied to transactions and economic events of a similar nature, and in cases of differences, in order to eliminate any discrepancies in the applied accounting principles, certain consolidation adjustments are made.



### III. SHORT DESCRIPTION OF THE ISSUER'S SIGNIFICANT ACHIEVEMENTS OR FAILURES IN THE REPORTING PERIOD, INCLUDING A DESCRIPTION OF THE MOST IMPORTANT FACTORS AND EVENTS, IN PARTICULAR OF AN UNTYPICAL NATURE, AFFECTING THE ACHIEVED RESULTS

Developing its sales in foreign markets, in the first quarter 2019 the Spyrosoft Group launched Spyrosoft Solutions doo in Zagreb (Croatia) and Spyrosoft Solutions LLC in Detroit (USA). Hence, it can offer more extensive services related to embedded software and this solution facilitates access to customers from the automotive industry.

In order to make better use of the competences held, the company's structure was reorganized by establishing new departments (business units) dedicated to selected industries: Automotive, Employee Experience and Education, Financial Services, Geospatial Services, Industry 4.0. New roles have emerged in the Group: Chief Technology Officer, responsible for the technological development of the organization, Chief Sales Officer, responsible for acquisition of new customers and Chief Marketing Officer, responsible for sales support.

At the end of 2019, the assumed level of employment in the group was exceeded - the number of employees equaled 424, meaning 213% y/y increase. All Polish branches (Wrocław, Kraków and Białystok) moved to new offices, which significantly improved the work comfort.

#### Discussion over results of fourth quarter 2019

Consolidated revenues of the Spyrosoft S.A. Capital Group in the fourth quarter 2019 amounted to PLN 24.4 million, 81% more than a year ago. The increase in revenues was influenced by the organic growth, in particular the acquisition of new contracts by the Group companies in Poland and abroad.

In the last four quarters, revenues increased by 124% to PLN 71.5 million. Growth of a new company - Spyrosoft Solutions S.A. had a significant impact on the increase of revenues.

Consolidated cost of sold products and services by Spyrosoft S.A. Capital Group in Q4 2019 amounted to PLN 17.8 million and it was twice as high as in the same period last year.

In the period of 4 quarters of 2019 the cost of products and services sold went up by 112% to PLN 49.2 million.

In the fourth quarter of 2019, the consolidated overheads of the Spyrosoft S.A. Group amounted to PLN 4.2 million and were 208% higher y/y.

Over the last four quarters, general administrative expenses went up by 258% to PLN 14.1 million. Increase in the costs is related to increasing scale of the group companies' economic activity. The recorded increase in costs was significantly influenced by the investment i.e. adjustment and equipment of the new registered office of the Group companies in Wrocław, address: pl Nowy Targ 28.

Gross profit on sales in the fourth quarter of 2019 equaled PLN 6.6m, up by PLN 1.9m (41%) compared to Q4 2018. In the period comprising four quarters of 2019, the consolidated gross profit on sales reached PLN 22.2 million, which means an increase by 159% y/y.

Consolidated operating profit in the fourth quarter 2019 decreased by 27%, reaching PLN 8m in the period of 12 months of 2019, meaning growth equal 73% y/y.

Net profit of the Spyrosoft S.A. Capital Group in the fourth quarter 2019 amounted to PLN 1.2 million, which means a decrease by 31% q/q. For the four quarters of 2019, the Group achieved a net profit of PLN 5.4 million, thus, compared to the previous year, it almost doubled.

The balance sheet total as of 31.12.2019 amounted to PLN 28.4 million and was by 115% higher than the year before. Short-term receivables were growing along with the increase in the scale of the Group's operations and reached the level of PLN 18 million (90% increase), short-term liabilities of the Group increased slightly slower (55% y/y) - to PLN 13.3 million.



The Group's equity increased by 169% y/y after Q4 2019, mainly as a result of the Group's net profit growth and amounted to PLN 8.8m as of 31.12.2019.

**IV. OPINION REGARDING POSSIBILITY OF MEETING THE PUBLISHED FORECASTS FOR THE YEAR IN THE LIGHT OF THE RESULTS PRESENTED IN THE QUARTERLY REPORT**

Not applicable. The Issuer did not publish financial forecasts for 2019.

**V. DESCRIPTION OF THE STATUS OF THE ISSUER'S ACTIVITIES AND INVESTMENTS AND THEIR REALIZATION SCHEDULE**

Not applicable.

**VI. INFORMATION ON THE ACTIVITY IN THE FIELD OF INNOVATIVE SOLUTIONS IN THE ENTERPRISE**

In the period covered by the report, the Issuer did not take any initiatives aimed to implement innovative solutions in the enterprise.



## VII. DESCRIPTION OF THE ORGANIZATION OF THE ISSUER'S CAPITAL GROUP, INCLUDING ENTITIES SUBJECT TO CONSOLIDATION

As of 31 December 2019 the Issuer was a dominant entity towards three subsidiaries. Consolidated data includes data of Spyrosoft Solutions S.A., GOD Nearshore SE and Spyrosoft Ltd.

Basic data on the Issuer's subsidiaries:

<b>Enterprise: Spyrosoft Solutions S.A.</b>	
Legal form	Joint stock company
Registered office	Wrocław
Address	Pl. Nowy Targ 28, 50-141 Wrocław
Share capital	PLN 100,000
Object of the business activity	embedded software mainly for product companies representing automotive industry and IT
Issuer's share in the share capital	50%
Issuer's share in total number of votes	50%

<b>Enterprise: GOD Nearshore SE European Joint Stock Company Branch in Poland</b>	
Legal form	Branch of a foreign entrepreneur
Registered office	Wrocław
Address	Pl. Nowy Targ 28, 50-141 Wrocław
Share capital	-
Object of the business activity	provision of software and IT services to the automotive industry
Issuer's share in the share capital	33%
Issuer's share in total number of votes	33%

<b>Enterprise: Spyrosoft Ltd</b>	
Legal form	Limited Liability Company
Registered office	London
Address	71-75 Shelton Street, Covent Garden, London, WC2H 9JQ, United Kingdom
Share capital	100 £
Object of the business activity	development of software for UK customers
Issuer's share in the share capital	72%
Issuer's share in total number of votes	72%



**VIII. INDICATION OF THE REASONS FOR THE LACK OF THE CONSOLIDATED FINANCIAL STATEMENTS**

Not applicable.

**IX. SELECTED FINANCIAL DATA OF THE ISSUER'S SUBSIDIARIES NOT COVERED BY CONSOLIDATION**

Not applicable.

**X. INFORMATION ON THE ISSUER'S SHAREHOLDING STRUCTURE, INDICATING THE SHAREHOLDERS HOLDING, AS OF THE DATE OF PUBLICATION OF THE REPORT, AT LEAST 5% OF VOTES AT THE GENERAL MEETING**

The table below shows the shareholding structure with a detailed list of shareholders holding at least 5% of votes at the Company's General Meeting:

Table Shareholding structure (as of 14 February 2020)

Shareholder	Number of shares	Share in the share capital	Number of votes	Share in the total number of votes
Konrad Weiske	333,788	31,83 %	333,788	31,83 %
Dorota Łękawa	333,333	31,79 %	333,333	31,79 %
Violetta Bodnarus	333,333	31,79 %	333,333	31,79 %
Others	48,212	4,60 %	48,212	4,60 %
<b>TOTAL</b>	<b>1,048,666</b>	<b>100,00 %</b>	<b>1,048,666</b>	<b>100,00%</b>

The share capital amounts to 104,866.60 PLN and it is divided into 1,048,666 shares with a nominal value of 0.10 PLN each:

- 850,000 shares of series A1,
- 150,000 A2 series shares,
- 18,900 B series shares,
- 10,866 C series shares,
- 18,900 D series shares.



**XI. INFORMATION ON THE NUMBER OF PERSONS EMPLOYED BY THE ISSUER, IN FULL TIME EQUIVALENTS**

Detailed employment levels in full-time equivalents are presented in the tables below:

Table: Employment in Spyrosoft S.A. as of 31.12.2019.

Form of employment	Number of employees	FTEs
Employment contract	57	56.6
Specific task contract, other	5	----

Table: Employment in the Capital Group as at 31.12.2019.

Form of employment	Number of employees	FTEs
Employment contract	92	91.4
Specific task contract, other	11	----

Wrocław, 14 February 2020

Member of the  
Management Board -  
Wojciech Bodnaruś

