



spyrosoft

INDIVIDUAL AND CONSOLIDATED PERIODIC
REPORT FOR THE 1ST QUARTER 2020

Wroclaw, 22 of May 2020

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The report of Spyrosoft S.A. for the first quarter 2020 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".

I. BASIC DATA ABOUT THE ISSUER

SPYROSOFT SPÓŁKA AKCYJNA	
Address	Pl. Nowy Targ 28, 50-141 Wrocław
Register data	KRS 0000616387 District Court for Wrocław-Fabryczna, 6th Commercial Division of the KRS (National Court Register) Share capital: PLN 104.866,60
Contact	tel. +48 500 104 042 www.spyro-soft.com office@spyro-soft.com
Managing Board.	Konrad Weiske - President of the Management Board Wojciech Bodnaruś - Member of the Managing Board Sebastian Łękawa - Member of the Managing Board Sławomir Podolski - Member of the Managing Board

II. BASIC INFORMATION ON THE ISSUER'S OPERATIONS

1. CHARACTERISTICS OF THE ISSUER'S ACTIVITIES

Spyrosoft is a company founded in 2016 in Wrocław, Poland, operating in the IT industry. It produces software. Spyrosoft offers comprehensive solutions in scope of the software development - from embedded solutions to high-level systems based on public clouds. Spyrosoft offers comprehensive project management in scope of which the specialists manage projects and related requirements, design the architecture as well as they write and develop the programming layer.

Spyrosoft renders programming services tailored to customer needs and individual requirements. The company supports clients from the moment of a product concept and technology selection, through the development of solution architecture and its implementation, ending with maintenance and development works. Spyrosoft cooperates mainly with clients representing the following industries: finance, automotive, industry 4.0, medicine, HR and geospatial services. Thanks to the knowledge of the industries and specific requirements, a client is provided not only with the solution itself, but also with consulting services in the scope of selection of the IT solutions suited to needs and regulations of a particular industry.



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2. SPYROSOFT GROUP'S OFFER

Spyrosoft Group of Companies offers the following services:

- **Business and Product Design** - designing digital products and services, prototyping and testing them
- **Technological Consulting** – technological audits, estimation of project costs, development of digital strategies, automation of software development processes, as well as consultancy in the use of public clouds
- **Enterprise Software** – software development in the areas of backend and frontend, mobile applications, data architecture
- **Embedded Software** – development of devices and software for their automation, creating communication solutions, applications for embedded devices
- **Artificial Intelligence and Machine Learning** – using AI and ML technologies in the designed digital solutions together with consultations regarding their functioning
- **Cloud Solutions** – migration to the cloud, cost optimisation and delivery of software in the cloud
- **Optimisation** – automation of software development, delivery and testing
- **Managed Services** – audits and acquisitions of IT systems, support and maintenance of operating systems, management and maintenance of servers, infrastructure optimisation, data security.

Dedicated services provided by the Spyrosoft Group of Companies are offered to the following industries:

▶ **Automotive**

As part of services for the automotive industry, Spyrosoft offers the production of embedded software as well as its integration and validation in accordance with the requirements of the A-Spice standards applicable within the industry. The offer for the automotive industry also includes the design and implementation of processes related to Functional Safety.

▶ **Financial Services**

Spyrosoft designs systems that comprehensively support loan processes and debt management systems in financial institutions. The Groups offer also includes the design of solutions in the area of digital banking and for the fintech sector. In addition, Spyrosoft offers the production of software supporting the processing and analysis of financial data.

▶ **Industry 4.0**

The Spyrosoft Group offer for enterprises from the industrial sector focuses on the automation and communication of industrial devices, as well as the provision of enterprise system solutions that allow the exchange of data between devices and the support of industrial equipment fleet management processes.

▶ **Geospatial Services**

Spyrosoft creates software for the comprehensive processing of spatial data. It offers solutions in the field of spatial data storage and its intelligent analysis. It also designs enterprise systems that enable the use and management of geospatial information.

▶ **HR and Education**

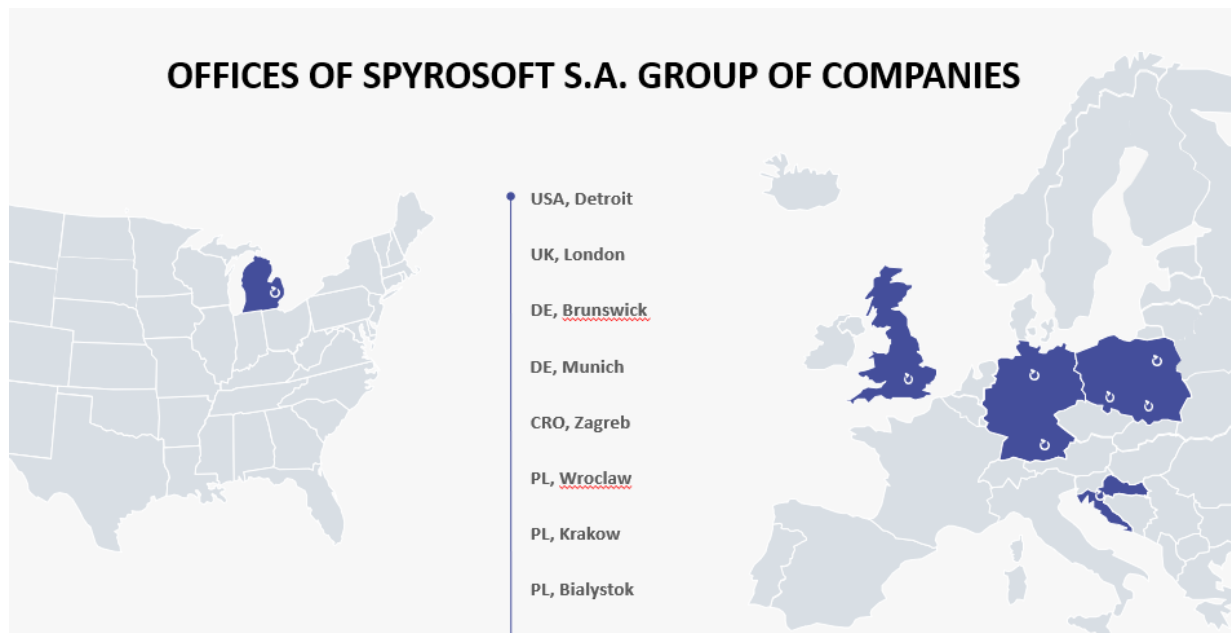
Spyrosoft provides solutions that automate processes related to human resource management. The Group's offer includes the design of temporary work systems, systems for managing remuneration and benefits, as well as educational systems.

▶ **Healthcare & Life Sciences**

Spyrosoft Group provides embedded software for medical devices, designs their communication and implements advanced algorithms to support accurate diagnostics performed by medical devices. In addition, it offers the design of enterprise systems - supporting the management of a medical enterprise, patient care or monitoring the operation of medical devices.

3. GEOGRAPHICAL COVERAGE OF SPYROSOFT GROUP

Spyrosoft Group conducts international activities, with particular emphasis on the United Kingdom, Germany and the USA. Thus, in addition to its presence in three Polish locations (Wrocław, Krakow and Białystok), the Group also has offices outside Poland, ensuring its services are available to international customers.



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III. QUARTERLY BRIEF FINANCIAL STATEMENT

The report presents summary and consolidated financial statements covering the balance sheet, profit and loss account, cash flow statement and statement of changes in equity for the first quarter 2020, along with comparative data for the same period 2019.

Individual financial data

BALANCE SHEET

ASSETS	As of 31.03.2020	As of 31.03.2019
A. FIXED ASSETS	4,583,460.14	1,281,528.77
I. Intangible assets	248,551.53	104,079.13
II. Tangible fixed assets	3,158,960.45	845,808.49
III. Long-term receivables	915,338.46	128,008.24
IV. Long-term investments	203,374.42	153,374.42
V. Long-term prepayments	57,235.28	50,258.49
B. CURRENT ASSETS	14,044,706.13	9,496,743.48
I. Inventory	140,544.36	42,741.31
II. Short-term receivables	10,724,356.46	7,545,401.32
III. Short-term investments	3,115,313.85	1,828,198.15
IV. Short-term prepayments	64,491.46	80,402.70
C. CALLED-UP SUBSCRIBED CAPITAL	0.00	0.00
D. OWN SHARES (STOCKS)	0.00	0.00
TOTAL ASSETS:	18,628,166.27	10,778,272.25

LIABILITIES	As of 31.03.2020	As of 31.03.2019
A. EQUITY	7,572,228.58	3,103,191.07
I. Share capital	104,866.60	101,890.00
II. Supplementary capital (fund)	1,677,215.47	0.00
III. Revaluation capital (fund)	0.00	0.00
IV. Other reserve capitals	0.00	3,800.00
V. Profit (loss) from previous years	3,480,820.22	1,924,728.74
VI. Net profit (loss) for the financial year	2,309,326.29	1,072,772.33
VII. Write-offs on net profit during the financial year (negative value)	0.00	0.00
B. LIABILITIES AND PROVISIONS FOR LIABILITIES.	11,055,937.69	7,675,081.18
I. Provisions for liabilities	161,328.45	508,401.15
II. Long-term liabilities	2,023,942.58	171,998.04
III. Short-term liabilities	8,870,666.66	6,994,681.99
IV. Accruals and prepayments	0.00	0.00
TOTAL LIABILITIES:	18,628,166.27	10,778,272.25



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PROFIT AND LOSS STATEMENT

Specification	From 01.01.2020 to 31.03.2020	From 01.01.2019 to 31.03.2019
A Net revenues from sales of products, goods and materials, including:	18,752,433.74	11,087,418.37
including: from related parties	4,547,101.72	2,692,583.34
I. Net revenues from sales of products	18,694,967.88	11,079,037.04
II. Net revenues from sales of goods and materials	57,465.86	8,381.33
B. Costs of sold products, goods and materials, including:	13,364,270.96	8,399,190.61
including: from related parties	0.00	0.00
I. Cost of manufacture of sold products	13,320,665.06	8,391,227.20
II. Value of sold goods and materials	43,605.90	7,963.41
C. Profit / loss (gross) on sales (A-B)	5,388,162.78	2,688,227.76
D. Sale expenses	0.00	0.00
E. G & A cost	2,301,236.69	1,265,882.44
F. Profit (loss) on sales (C-D-E)	3,086,926.09	1,422,345.32
G. Other operating revenues	41,518.26	15,179.36
I. Gains from non-financial fixed assets	627.76	0.00
II. Subsidies	0.00	0.00
III. Revaluation of non-financial assets	0.00	0.00
IV. Other operating revenues	40,890.50	15,179.36
H. Other operating expenses	104,595.50	23,364.29
I. Loss on disposal of non-financial fixed assets	0.00	0.00
II. Revaluation of non-financial assets	0.00	0.00
III. other operating expenses	104,595.50	23,364.29
I. Profit (loss) on business activities (F+G-H)	3,023,848.85	1,414,160.39
J. Financial revenues	0.00	27,547.35
I. Dividend and profit sharing, including	0.00	0.00
a) from related parties, including	0.00	0.00
- where the company has a contribution in the capital	0.00	0.00
b) from other entities, including	0.00	0.00
- where the company has a contribution in the capital	0.00	0.00
II. Interest, including:	0.00	0.00
- from related parties	0.00	0.00
III. Profit from expenditures of financial assets, including:	0.00	0.00
- in related parties	0.00	0.00
IV. Revaluation of investments	0.00	0.00
V. Other	0.00	27,547.35
K. Financial expenses	125,533.56	109,071.30
I. Interest, including:	37,559.88	5.42
- for related parties	0.00	0.00
II. Loss from expenditures of financial assets, including:	0.00	0.00
- in related parties	0.00	0.00
III. Revaluation of investments	0.00	0.00
IV. Other	87,973.68	109,065.88
L. Gross profit (loss) (I+J-K)	2,898,315.29	1,332,636.44
M. Income tax	588,989.00	259,864.11
N. Other obligatory decrease in profit (increase in loss)	0.00	0.00
O. Net profit (loss) (L-M-N)	2,309,326.29	1,072,772.33

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CASH FLOW

Specification	From 01.01.2020 to 31.03.2020	From 01.01.2019 to 31.03.2019
A. CASH FLOWS FROM OPERATING ACTIVITIES	4,050,708.60	256,137.99
I. Net profit (loss)	2,309,326.29	1,072,772.33
II. Total adjustments	1,741,382.31	-816,634.34
III. Net cash flows from operating activities (I +/- II)	4,050,708.60	256,137.99
B. CASH FLOWS FROM INVESTING ACTIVITIES	-346,430.69	-336,343.43
I. Inflows	7,407.51	0.00
II. Outflows	353,838.20	336,343.43
III. Net cash flows from investment activities (I - II)	-346,430.69	-336,343.43
C. CASH FLOWS FROM FINANCING ACTIVITIES	-2,367,425.48	-914,214.94
I. Inflows	0.00	3,800.00
II. Outflows	2,367,425.48	918,014.94
III. Net cash flows from financial activities (I - II)	-2,367,425.48	-914,214.94
D. TOTAL NET CASH FLOWS (A.III+/-B.III+/- C.III)	1,336,852.43	-994,420.38
E. CHANGE IN CASH	1,336,852.43	-994,420.38
F. CASH OPENING BALANCE	1,324,662.92	2,385,198.46
G. CLOSING BALANCE OF CASH AT END OF PERIOD (F+/-D)	2,661,515.35	1,390,778.08

STATEMENT OF CHANGES IN EQUITY (FUND)

Specification	As of 31.03.2020	As of 31.03.2019
I.a. Opening balance of equity(BO)	5,262,902.29	2,026,618.74
I.a. Opening balance of equity (BO), after adjustments	5,262,902.29	2,026,618.74
II. Closing balance of the equity (BZ)	7,572,228.58	3,103,191.07
III. Equity after proposed distribution of share (cover of loss)	7,572,228.58	3,103,191.07



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Consolidated financial data

BALANCE SHEET

ASSETS	As of 31.03.2020	As of 31.03.2019
A. FIXED ASSETS	6,121,123.90	1,871,502.61
I. Intangible assets	289,048.90	188,085.37
II. Goodwill of subsidiaries	25,077.78	25,077.78
III. Tangible fixed assets	3,545,926.11	1,098,493.90
IV. Long-term receivables	931,228.46	128,008.24
V. Long-term investments	1,116,486.15	374,787.50
VI. Long-term prepayments	213,356.50	57,049.82
B. CURRENT ASSETS	23,557,209.59	14,965,445.05
I. Inventory	155,134.15	51,734.11
II. Short-term receivables	15,271,014.55	11,103,790.62
III. Short-term investments	6,916,117.11	3,719,576.67
IV. Short-term prepayments	1,214,943.78	90,343.65
C. CALLED-UP SUBSCRIBED CAPITAL	0.00	0.00
D. OWN SHARES (STOCKS)	0.00	0.00
TOTAL ASSETS:	29,678,333.49	16,836,947.65

LIABILITIES	As of 31.03.2020	As of 31.03.2019
A. EQUITY	11,581,066.71	5,066,391.81
I. Share capital	104,866.60	101,890.00
II. Supplementary capital (fund)	1,677,215.47	0.00
III. Revaluation capital (fund)	0.00	0.00
IV. Other reserve capitals	0.00	3,800.00
V. Exchange differences	0.00	0.00
VI. Previous year profit (loss)	6,978,646.71	3,163,974.44
VII. Net profit (loss) for the financial year	2,819,997.92	1,776,472.46
VIII. Write-offs on net profit during the financial year (negative value)	0.00	0.00
B. Minority capital	1,430,929.04	1,104,155.06
C. LIABILITIES AND PROVISIONS FOR LIABILITIES.	15,438,969.55	10,339,626.81
I. Provisions for liabilities	520,477.05	813,019.81
II. Long-term liabilities	2,023,942.58	171,998.04
III. Short-term liabilities	12,703,487.81	9,354,608.96
IV. Accruals and prepayments	191,062.11	0.00
TOTAL LIABILITIES:	29,678,333.49	16,836,947.65



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PROFIT AND LOSS STATEMENT

Specification	From 01.01.2020 to 31.03.2020	From 01.01.2019 to 31.03.2019
A Net revenues from sales of products, goods and materials, including:	25,245,416.96	14,479,048.82
including: from related parties	0.00	0.00
I. Net revenues from sales of products	25,187,951.10	14,470,667.49
II. Net revenues from sales of goods and materials	57,465.86	8,381.33
B. Costs of sold products, goods and materials, including:	16,065,454.38	9,738,383.90
including: from related parties	0.00	0.00
I. Cost of manufacture of sold products	16,021,848.48	9,730,420.49
II. Value of sold goods and materials	43,605.90	7,963.41
C. Profit / loss (gross) on sales (A-B)	9,179,962.58	4,740,664.92
D. Sale expenses	0.00	0.00
E. G & A cost	5,252,004.83	2,166,395.33
F. Profit (loss) on sales (C-D-E)	3,927,957.75	2,574,269.59
G. Other operating revenues	42,847.60	15,181.43
I. Gains from non-financial fixed assets	627.76	0.00
II. Subsidies	0.00	0.00
III. Revaluation of non-financial assets	0.00	0.00
IV. Other operating revenues	42,219.84	15,181.43
H. Other operating expenses	105,963.79	25,700.85
I. Loss on disposal of non-financial fixed assets	0.00	0.00
II. Revaluation of non-financial assets	0.00	0.00
III. other operating expenses	105,963.79	25,700.85
I. Profit (loss) on business activities (F+G-H)	3,864,841.56	2,563,750.17
J. Financial revenues	18,262.67	27,954.81
I. Dividend and profit sharing, including	0.00	0.00
a) from related parties, including	0.00	0.00
- where the company has a contribution in the capital	0	0
b) from other entities, including	0.00	0.00
- where the company has a contribution in the capital	0	0
II. Interest, including:	1,133.93	407.46
- from related parties	0.00	0.00
III. Profit from expenditures of financial assets, including:	0.00	0.00
- in related parties	0	0
IV. Revaluation of investments	0.00	0.00
V. Other	17,128.74	27,547.35
K. Financial expenses	151,602.58	120,991.48
I. Interest, including:	37,695.13	5.54
- for related parties	0.00	0.00
II. Loss from expenditures of financial assets, including:	0.00	0.00
- in related parties	0	0
III. Revaluation of investments	0.00	0.00
IV. Other	113,907.45	120,985.94
L. Profit (loss) on sale of all or part of shares in subsidiaries	0.00	0.00
M. Profit (loss) on business activities	3,731,501.65	2,470,713.50
N. Goodwill write-off	0.00	0.00
I. Write-off of goodwill - subsidiaries	0.00	0.00
II. Write-off of goodwill - partially owned subsidiaries	0.00	0.00
O. Write-off of negative goodwill	0.00	0.00
I. Write-off of negative goodwill - subsidiaries	0.00	0.00
II. Write-off of negative goodwill - partially owned subsidiaries	0.00	0.00
P. Profit (loss) on shares in subordinated entities valuated acc. to the equity (accounting) method	162,075.32	97,896.28
R. Gross profit (loss) (M-N+O+/-P)	3,893,576.97	2,568,609.78
S. Income tax	752,091.35	465,497.45
T. Other obligatory decrease in profit (increase in loss)	0.00	0.00
U. Minority profits (losses)	321,487.70	326,639.87
W. Net profit (loss) (L-M-N)	2,819,997.92	1,776,472.46

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CASH FLOW

Specification	From 01.01.2020 to 31.03.2020	From 01.01.2019 to 31.03.2019
A. CASH FLOWS FROM OPERATING ACTIVITIES	5,428,040.71	2,427,003.16
I. Net profit (loss)	2,819,997.92	1,776,472.46
II. Total adjustments	2,608,042.79	650,530.70
III. Net cash flows from operating activities (I +/- II)	5,428,040.71	2,427,003.16
B. CASH FLOWS FROM INVESTING ACTIVITIES	-595,568.34	-468,206.03
I. Inflows	7,407.51	0.00
II. Outflows	602,975.85	468,206.03
III. Net cash flows from investment activities (I - II)	-595,568.34	-468,206.03
C. CASH FLOWS FROM FINANCING ACTIVITIES	-2,302,758.04	-659,538.55
I. Inflows	0.00	3,800.00
II. Outflows	2,302,758.04	663,338.55
III. Net cash flows from financial activities (I - II)	-2,302,758.04	-659,538.55
D. TOTAL NET CASH FLOWS (A.III+/-B.III+/- C.III)	2,529,714.33	1,299,258.58
E. CHANGE IN CASH	2,529,714.33	1,299,258.58
F. CASH OPENING BALANCE	4,168,458.84	2,420,318.09
G. CLOSING BALANCE OF CASH AT END OF PERIOD (F+/-D)	6,698,173.17	3,719,576.67

STATEMENT OF CHANGES IN EQUITY

Specification	As of 31.03.2020	As of 31.03.2019
I.a. Opening balance of equity (BO)	8,794,392.93	2,026,618.74
I.a. Opening balance of equity (BO), after reconciliation to comparable data	8,794,392.93	2,026,618.74
II. Closing balance of the equity (BZ)	11,581,066.71	5,066,391.81
III. Equity after proposed distribution of share (cover of loss)	11,581,066.71	5,066,391.81



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IV. 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 and individual a right to choose, including:

Shares and stocks in subsidiaries and other entities, both long-term and short-term, are valued 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 valued 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 valued 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 them to use. Assets of lower value are also included into the fixed assets register and they are depreciated once.

Receivables are valued 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 valued 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.



V. 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

In January 2020 in the Spyrosoft S.A. Capital Group a new company was established - Unravel. It extends the Group's catalogue of services by a completely new type of services - business and product design, which enables the group to offer support to clients at early stages of the product development cycle. Unravel offers market and user research, creative workshops, quick prototyping, testing of prototypes and finished products, user experience designing as well as control of usability of existing products. Unravel's offer is complementary to the main activity of the Issuer. Consequently, it enables Spyrosoft S.A. Group to provide complete services in scope of designing and implementation of digital solutions.

In the first quarter 2020, Spyrosoft S.A. launched a new office in Warsaw, thus increasing access to international corporate clients.

At the same time, Spyrosoft Solutions S.A., belonging to the Capital Group, launched a branch in Munich, under the name Spyrosoft Solutions GmbH. As a result, Spyrosoft S.A. Capital Group increased its availability to clients on the German market, among others, in the automotive and industrial sectors, which are important sectors for growth of sales.

On 28 February 2020 Spyrosoft S.A. debuted on the NewConnect market. On the debut day shares of A2 and B series, belonging to the owners and founders of the company, as well as the shares of C series, offered to employees and associates of the company only were placed on the market. In this way, the Management Board of Spyrosoft S.A. expressed its gratitude for the efforts made so far intended to develop the company, to people who helped build it from the very beginning; it also realized a key element of the plan to maintain the image of a committed employer. Along with the debut, the availability and transparency of information about the financial condition of Spyrosoft S.A. went up, which is an additional value for current and future clients.

In February 2020, a complete rebranding took place in the Group. Goal of this operation was to alter the visual identity into a more modern one and reflecting the values of the organization in a better way. At the same time, a new website was launched increasing the amount of information regarding the Group's activities and its services, with particular emphasis on selected sectors the Spyrosoft Group is focused on.

On January 2020 the company started works intended to develop an internal ERP system, task of which is to improve the daily operations of a complex organization, which is the Spyrosoft Group. At the first stage the system will include the following modules: Allocation, Competence, Payroll, Document Workflow and Work Time Reporting. Implementation of most of the modules is planned for early 2021.

The Issuer does not exclude the possibility of commercialization of selected modules of the system after completion of the works.

Discussion over particular results of the first quarter 2020

At the first quarter 2020, Spyrosoft S.A. achieved revenues equal PLN 18.8 million, which means an increase of 18% (PLN 2.9 million) compared to the previous quarter and 69% (PLN 7.7 million) compared to the same period last year. The increase in sales results mainly from the expansion of the portfolio of clients and an increase in the value of existing clients.

The cost of products and services sold amounted to PLN 13.4 million - an increase of 5 million (59%) compared to Q1 2019 and 6% (PLN 0.7 million) compared to the previous quarter.

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The company achieved a gross profit on sales of PLN 5.4 million. It was more than twice higher in relation to the gross profit on sales in the analogous period of the previous year and by 66% compared to the previous quarter, when it amounted to PLN 3.3 million. The gross margin on sales was 29%, i.e. it went up by 9 pp q/q and 5pp y/y.

In Q1 general and administrative expenses went down to PLN 2.3M, by 10% q/q. This was significantly influenced by the immediate reaction to changes in the business environment in connection with the epidemic. Compared to Q1 2019, costs went up by 82%.

Profit on sales increased almost three and a half times q/q, up to PLN 3.1M. The margin on sales equalled 16% and it was 12 pp higher than in the previous quarter and 4 pp y/y.

The operating profit in Q1 2020 went up by 114% compared to Q4 2019 to PLN 3 million. The operating margin reached 16% and it was higher by 3.5 pp q/q and 12 pp y/y.

Net profit amounted to PLN 2.3M, which was more than four times higher compared to the previous quarter and 115% higher than the net profit in Q1 2019. The net margin reached 12.3%, thus 9.5 pp higher than the previous quarter's net margin and 2.5 pp higher y/y.

The balance sheet total, as of 31.03.2020, amounted to PLN 18.6 million and it was higher by PLN 1.3 million compared to 31.12.2019 and by PLN 7.8 million higher as of 31.03.2019. Short-term receivables went up by PLN 0.3 million q/q to PLN 10.7 million, while short-term liabilities decreased, compared to the previous period, by PLN 0.3 million to PLN 8.9 million.

The equity reached PLN 7.6 million and it was 44% higher than as of 31 December 2019 and 144% higher than as of 31 March 2019.

Discussion over results of the first quarter 2020

The consolidated revenue of Spyrosoft S.A. Capital Group in the first quarter 2020 amounted to PLN 25.2 million, 74% more than a year ago and 3% more than in the previous quarter. The increase in revenues is a result of attracting of new clients as well as the development of cooperation with existing ones, including flexible management of the crisis situation in connection with the beginning of the coronavirus epidemic.

The consolidated cost of sold products and services of the Spyrosoft S.A. Capital Group in the first quarter of 2020 amounted to PLN 16 million and it was 65% higher than in the same period last year.

Gross profit on sales reached PLN 9.2 million, which means 94% growth compared to the same period of the previous year. The gross margin amounted to 36%, which means an increase by over 4 percentage points y/y.

Consolidated general and administrative expenses of the Spyrosoft Group in Q1 2020 amounted to PLN 5.3 million and were higher by PLN 3.1 million (142%) compared to the Group's general and administrative expenses in Q1 2019, and by PLN 1.1 million (26%) than general and administrative expenses in the previous quarter.

In Q1 2020, the Spyrosoft Group achieved a profit on sales equal PLN 3.9 million, which was 53% higher compared to the same period of 2019 and 58% better than in the previous quarter.

Consolidated operating profit in Q1 2020 went up by 58% q/q to PLN 3.9M. The operating profit margin reached 15.3%, which translates into an increase of over 5 pp compared to Q4 2019 and a decrease equal 2.4 pp compared to the same period of the previous year.

The net profit of the Spyrosoft Group in the first quarter of 2020 amounted to 2.8 million PLN, which means a significant increase at the level 126%, from 1.2 million PLN in the fourth quarter of 2019.

The balance sheet total as of 31.03.2020 amounted to PLN 29.7 million and it was nearly 5% higher than on 31.12.2019. Despite the increase in sales, the short-term receivables decreased by 15.5% q/q

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to the level of PLN 15.3 million, which indicates a higher level of receivables collection by the companies of the Group. The Group's short-term liabilities went down a little (4% q/q) to PLN 12.7M.

The Group's equity increased by 32% after Q1 2020 compared to data as of 31.12.2019, and by 129% in relation to 31.03.2019, mainly as a result of the Group's net profit growth and it amounted to 31.03.2020. PLN 11.6 million.

VI. 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 2020.

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

Not applicable.

VIII. INFORMATION ON THE ACTIVITY IN THE FIELD OF INNOVATIVE SOLUTIONS IN THE ENTERPRISE

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

IX. DESCRIPTION OF THE ORGANISATION OF THE ISSUER'S CAPITAL GROUP, INCLUDING ENTITIES SUBJECT TO THE CONSOLIDATION

As of 31 March 2020 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:

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



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

Enterprise:	Spyrosoft Ltd
Legal form	Limited Liability Company
Registered office	London
Address	7175 Shelton Street, Covent Garden, London, WC2H 9JQ, United Kingdom
Share capital	100 £
Object of the economic operation	development of software for UK clients
Issuer's share in the share capital	72%
Issuer's share in the total number of votes	72%

X. INDICATION OF THE REASONS FOR THE LACK OF THE CONSOLIDATED FINANCIAL STATEMENT

Not applicable.

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

Not applicable.



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XII. 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 22 May 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 %
TOTAL	1,048 666	100,00 %	1,048 666	100,00%

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.



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XIII. 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 31.03.2020.

Form of employment	Number of employees	FTEs
Employment contract	63	62.3
Specific task contract, other	10	----

Table: Employment in the Capital Group as at 31.03.2020.

Form of employment	Number of employees	FTEs
Employment contract	110	108.5
Specific task contract, other	13	----

Wrocław, 22 May 2020

Member of the Managing Board

Wojciech Bodnaruś



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