

QUARTERLY REPORT

QIV 2014

Wrocław, 12.02.2015

THE MANAGEMENT BOARD'S LETTER

Dear Shareholders,

On behalf of the Executive Board Members, I hereby present the Quarterly Report.

In the fourth quarter of 2014, business development execution overlapped with a small fund raising round of 3 million PLN (RB EBI 31/2014). Shares were taken by 7 important development investors through a cash investment.

Throughout the last quarter of 2014 we initiated additional new pilot projects with beta customers, simultaneously working on implementation of these that already converted to commercial and production implementations. Along with our planned product launch in Poland, the Company is preparing for a similar beta process in USA, to confirm that the outstanding results of our European beta program can also be demonstrated in the industry's most competitive and advanced environment.

Our team continues to develop a web version of our system's front end (thin client), focusing on robust features and user experience. The development effort is driven by customer feedback, based on use-cases and results achieved in sophisticated enterprise environments.

Human Resources development, another important activity for current stage of development, was an important factor in Q4 2014. Our team was significantly strengthened by following experts:

- *Bob Thomas (RB EBI 30/2014), he will be PiLab Vice President of Marketing for worldwide operations and is the first permanent employee in Silicon Valley. His role will focus on product management and positioning, as well as helping in building the US team and starting operations by organizing the first pilot projects with US customers in 2015. Since Bob Thomas has over 25 years of experience in high technology with a track record of creating successful new products and managing multi-billion dollar product lines (HP, NetApp), the Executive Board of PiLab, perceives this hire as major step in executing the Company strategy of becoming a global vendor of software products.*
- *Kamil Góral, in PiLab responsible for launching systems for the European markets and for participation in defining marketing strategy. He carried out numerous projects involving new technologies. As a Director of Business Development Center at Comarch (largest IT company in Poland), cooperating with Executive Board, he was responsible for launching new products (e.g. ERP, e-commerce, and mobile) and managing brands of the most popular ERP solutions in Poland. During his involvement in marketing of a group of systems, he achieved a twofold higher than the average for the peers and market sales growth. He created Poland's first B2B gamification service in the IT area.*
- *Joanna Brandys will focus on quality of customer service and increasing both revenue and the number of accounts. She has 13 years of experience in the IT sector in sales, marketing and system implementation. Her experience in the software market includes Comarch, where she held a position of Director of and her team achieved average annual sales growth of over 80%. Focusing on delivering high quality of services and ensuring customer satisfaction, she*

was also involved in project management and related workshops. Joanna successfully used that experience while working in IBM as a Project Management Department Manager.

- Piotr Źrółka will be PiLab Head of User Experience. His role will focus on product interface design and service. Piotr Źrółka has a track record of over 10 projects executed in high-tech companies in Poland, Switzerland, and the USA. He has worked in enterprises including Genentech, Roche and Volvo. In Silicon Valley he designed a system based on Google's engine to search billions of documents, which resulted in a 15% reduction of time to launch new drug on the market.
- Michał Stryjak specializes in team management and test coordination. Michał managed quality in complex, multinational projects in well-known companies like Siemens, Volvo and Objectivity. Many years of experience as a Scrum Master in multicultural teams taught him that to achieve true quality, well planned tests are equally important as great teamwork and effective communication. He often shares his experiences as a coach, mentor or speaker at various industry conferences. At PiLab, Michał, together the team he is building, will focus on quality management.
- Andrzej Frys operates as an Executive team advisor and leads the System Engineering department. Andrzej has over 35 years of experience in high-tech, starting with a decade of work at Wroclaw University of Technology in Institute of Technical Cybernetics. In 1987 he co-founded TETA, a company which became the unquestioned leader of HRM solutions in Poland, and which also provided ERP/BI systems. After IPO in 2005, TETA was sold to UNIT4. As an Executive Team Member of TETA, Andrzej was responsible for technology development and system implementation.

All of the above people joined PiLab for significantly reduced salary than in previous companies, moving from global and well recognized brands to a small Polish high-tech company. They left prestigious positions and their significant teams to become leaders of much smaller teams or even individual contributors, betting on PiLab's success.

Thank you very much for your continued support and we welcome your visits to our headquarters in Wroclaw.

With best regards,,



Paweł Wieczyński

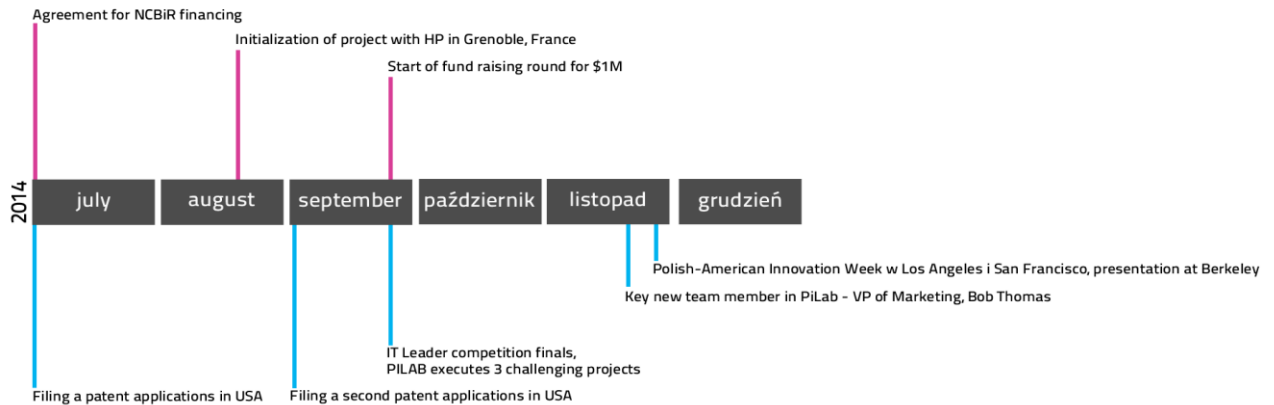
PiLab SA CEO

1. BASIC INFORMATION ABOUT PiLab SA

Company Name:	PiLab SA
Company Address:	ul. Rzeźnicza 32-33, 50-130 Wrocław
Phone:	+48 71 707 21 74
Fax:	+48 71 707 22 73
E-mail:	biuro@pilab.pl
www:	www.pilab.pl

Source: Company

2. TIMELINE



Source: Company

3. FINANCIAL DATA

Balance Sheet for the period 1 October 2014 to 31 December 2014 with comparative results

ASSETS		31.12.2014 PLN	31.12.2014 USD	31.12.2014 Euro	31.12.2013 PLN	31.12.2013 USD	31.12.2013 Euro
A	Fixed Assets	712 015,23	203 015,29	167 049,53	843 266,07	279 968,81	203 333,83
I.	Intangible assets	550 043,75	156 832,73	129 048,58	789 595,78	262 149,99	190 392,50
II.	Tangible fixed assets	161 971,48	46 182,56	38 000,96	41 364,29	13 733,16	9 974,03
III.	Long-term receivables	0,00	0,00	0,00	0,00	0,00	0,00
IV.	Long-term investments	0,00	0,00	0,00	0,00	0,00	0,00
V.	Long-term prepayments	0,00	0,00	0,00	12 306,00	4 085,66	2 967,30
B	Current Assets	3 214 960,06	916 674,29	754 278,22	842 747,28	279 796,57	203 208,74
I.	Inventory	0,00	0,00	0,00	0,00	0,00	0,00
II.	Short-term receivables	860 634,77	245 390,84	201 917,92	614 263,95	203 938,89	148 115,34
III.	Short-term investments	2 331 550,89	664 789,83	547 017,08	209 117,68	69 428,18	50 423,82
IV.	Short-term prepayments	22 774,40	6 493,61	5 343,22	19 365,65	6 429,50	4 669,57
	TOTAL ASSETS	3 926 975,29	1 119 689,58	921 327,75	1 686 013,35	559 765,39	406 542,57
LIABILITIES		31.12.2014 PLN	31.12.2014 USD	31.12.2014 Euro	31.12.2013 PLN	31.12.2013 USD	31.12.2013 Euro
A	Equity	3 370 349,77	960 980,20	790 735,00	1 384 186,98	459 557,43	333 764,22
I.	Share capital	178 700,00	50 952,33	41 925,72	162 000,00	53 784,86	39 062,50
II.	Called up share capital (negative value)	0,00	0,00	0,00	0,00	0,00	0,00
III.	Own shares (negative value)	0,00	0,00	0,00	0,00	0,00	0,00
IV.	Supplementary capital	4 458 998,17	1 271 384,06	1 046 148,36	2 472 298,17	820 816,13	596 136,71
V.	Revaluation reserve	0,00	0,00	0,00	0,00	0,00	0,00
VI.	Other reserve capitals	2 912 594,00	830 461,34	683 338,57	0,00	0,00	0,00

VII.	Previous years' profit (loss)	-1 250 111,19	-356 441,37	-293 294,98	0,00	0,00	0,00
VIII.	Net profit (loss)	-2 929 831,21	-835 376,14	-687 382,68	-1 250 111,19	-415 043,56	-301 434,99
IX.	Write-off on net profit during the financial year (negative value)	0,00	0,00	0,00	0,00	0,00	0,00
B	Liabilities and Provisions For Liabilities	556 625,52	158 709,38	130 592,76	301 826,37	100 207,96	72 778,35
I.	Provisions for liabilities	0,00	0,00	0,00	0,00	0,00	0,00
II.	Long-term liabilities	57 286,68	16 334,02	13 440,32	13 406,44	4 451,01	3 232,65
III.	Short-term liabilities	499 338,84	142 375,35	117 152,44	281 189,93	93 356,55	67 802,36
IV.	Accruals & Deffered Income	0,00	0,00	0,00	0,00	0,00	0,00
	TOTAL EQUITY & LIABILITIES	3 926 975,29	1 119 689,58	921 327,75	1 686 013,35	559 765,39	406 542,57

Source: Company

Profit and loss account for the period 1 October 2014 to 31 December 2014 with comparative results

PROFIT AND LOSS ACCOUNT		01.10- 31.12.2014 PLN	01.10- 31.12.2014 USD	01.10- 31.12.2014 Euro	01.10- 31.12.2013 PLN	01.10- 31.12.2013 USD	01.10- 31.12.2013 Euro
A	Revenues from sales	45 117,16	13 372,80	10 708,27	171 014,44	55 659,70	40 864,64
I.	Sales of products and services	45 117,16	13 372,80	10 708,27	171 014,44	55 659,70	40 864,64
II.	Change in work in progress	0,00	0,00	0,00	0,00	0,00	0,00
III.	Intercompany sales	0,00	0,00	0,00	0,00	0,00	0,00
IV.	Sales of goods and materials	0,00	0,00	0,00	0,00	0,00	0,00
B	Operating costs	1 019 158,12	302 080,18	241 890,71	864 698,01	281 431,41	206 623,34
I.	Depreciation	65 568,71	19 434,68	15 562,32	53 753,71	17 495,10	12 844,68
II.	Materials & energy	51 637,21	15 305,36	12 255,76	234 860,86	76 439,66	56 121,02
III.	Cost of services	318 137,06	94 296,36	75 507,81	305 613,90	99 467,50	73 027,77
IV.	Taxes and fees	0,00	0,00	0,00	2,40	0,78	0,57
V.	Salaries	343 670,14	101 864,41	81 567,93	184 731,22	60 124,07	44 142,33
VI.	Benefits	38 897,21	11 529,20	9 232,01	4 369,90	1 422,26	1 044,21
VII.	Other costs	201 247,79	59 650,18	47 764,89	81 366,02	26 482,02	19 442,76
VIII.	Cost of goods and materials sold	0,00	0,00	0,00	0,00	0,00	0,00
C	Profit/Loss on sales (A-B)	-974 040,96	-288 707,38	-231 182,44	-693 683,57	-225 771,71	-165 758,70
D	Other operating incomes	32 962,41	9 770,11	7 823,42	49 271,90	16 036,42	11 773,73
I.	Profit on sale of fixed assets	0,00	0,00	0,00	0,00	0,00	0,00
II.	Subsides	32 958,72	9 769,02	7 822,54	49 267,98	16 035,14	11 772,80
III.	Other operating incomes	3,69	1,09	0,88	3,92	1,28	0,94
E	Other operating costs	93 287,22	27 650,49	22 141,13	55 463,97	18 051,74	13 253,36
I.	Loss on sale of fixed assets	442,27	131,09	104,97	0,00	0,00	0,00
II.	Actualization of fixed assets	0,00	0,00	0,00	0,00	0,00	0,00
III.	Other operating costs	92 844,95	27 519,40	22 036,16	55 463,97	18 051,74	13 253,36
F	Profit/Loss on activity (C + D - E)	-1 034 365,77	-306 587,76	-245 500,15	-699 875,64	-227 787,03	-167 238,32
G	Financial incomes	1 866,62	553,27	443,03	870,23	283,23	207,95
I.	Dividends	0,00	0,00	0,00	0,00	0,00	0,00
II.	Interest incomes	1 866,62	553,27	443,03	870,23	283,23	207,95
III.	Profit on sold investments	0,00	0,00	0,00	0,00	0,00	0,00
IV.	Actualization of investments	0,00	0,00	0,00	0,00	0,00	0,00
V.	Other	0,00	0,00	0,00	0,00	0,00	0,00
H	Financial costs	16 420,32	4 867,01	3 897,26	1 919,02	624,58	458,56
I.	Interest expenses	3 486,72	1 033,47	827,55	1 698,24	552,72	405,80
II.	Loss on sold investments	0,00	0,00	0,00	0,00	0,00	0,00
III.	Actualization of	0,00	0,00	0,00	0,00	0,00	0,00

	investments						
IV.	Other	12 933,60	3 833,54	3 069,71	220,78	71,86	52,76
I.	Profit/Loss on total activity (F + G - H)	-1 048 919,47	-310 901,50	-248 954,38	-700 924,43	-228 128,37	-167 488,93
J	Result on extraordinary incidents (J.I. - J.II.)	0,00	0,00	0,00	0,00	0,00	0,00
I.	Extraordinary gains	0,00	0,00	0,00	0,00	0,00	0,00
II.	Extraordinary losses	0,00	0,00	0,00	0,00	0,00	0,00
K	Gross Profit/Loss (I +/- J)	-1 048 919,47	-310 901,50	-248 954,38	-700 924,43	-228 128,37	-167 488,93
L	Income tax	0,00	0,00	0,00	-12 076,00	-3 930,35	-2 885,61
M	Other statutory appropriations of the profit	0,00	0,00	0,00	0,00	0,00	0,00
N	Net Profit/Loss (K - L - M)	-1 048 919,47	-310 901,50	-248 954,38	-688 848,43	-224 198,02	-164 603,32

Source: Company

Cash flow for the period 1 October to 31 December 2014 with comparative results

CASH FLOW	01.10- 31.12.2014 PLN	01.10- 31.12.2014 USD	01.10- 31.12.2014 Euro	01.10- 31.12.2013 PLN	01.10- 31.12.2013 USD	01.10- 31.12.2013 Euro
A. Cash flows from operating activities						
I. Net profit (loss)	-1 048 919,47	-310 901,50	-248 954,38	-688 848,43	-224 198,02	-164 603,32
II. Total adjustments	115 639,29	34 275,68	27 446,25	199 414,84	64 903,12	47 651,04
III. Net cash flows from operating activities (I +/- II)	-933 280,18	-276 625,82	-221 508,12	-489 433,59	-159 294,90	-116 952,28
B. Cash flows from investment activities						
I. Inflows	5 691,06	1 686,84	1 350,74	0,00	0,00	0,00
II. Outflows	4 470,73	1 325,13	1 061,10	169 650,00	55 215,62	40 538,60
III. Net cash flows from investment activities (I-II)	1 220,33	361,71	289,64	-169 650,00	-55 215,62	-40 538,60
C. Cash flows from financial activities						
I. Inflows	2 912 594,00	863 297,77	691 285,69	0,00	0,00	0,00
II. Outflows	46 210,06	13 696,74	10 967,66	7 918,08	2 577,08	1 892,06
III. Net cash flows from financial activities (I-II)	2 866 383,94	849 601,03	680 318,03	-7 918,08	-2 577,08	-1 892,06
D. Total net cash flows (A.III. +/- B.III +/- C.III)	1 934 324,09	573 336,92	459 099,54	-667 001,67	-217 087,61	-159 382,94
E. Balance sheet change in cash, including:	0,00	0,00	0,00	0,00	0,00	0,00
F. Cash opening balance	397 226,80	117 738,69	94 279,26	876 119,35	285 148,69	209 352,52
G. Closing balance of cash (F+/-D), including:	2 331 550,89	691 075,61	553 378,80	209 117,68	68 061,08	49 969,58

Source: Company

Statement of changes in share equity (funds) for the period 1 October 2014 to 31 December 2014 with comparative results

Statement of changes in share equity (funds)	01.10-31.12.2014 PLN	01.10-31.12.2014 USD	01.10-31.12.2014 Euro	01.10-31.12.2013 PLN	01.10-31.12.2013 USD	01.10-31.12.2013 Euro
I. Opening balance of equity	1 506 675,24	446 581,08	357 599,80	2 073 035,41	674 706,40	495 360,80
I.a Opening balance of equity after adjustments	1 506 675,24	446 581,08	357 599,80	2 073 035,41	674 706,40	495 360,80
II. Closing balance of equity	3 370 349,77	998 977,35	799 931,12	1 384 186,98	450 508,37	330 757,48
III. Equity including proposed profit distribution (loss coverage)	3 370 349,77	998 977,35	799 931,12	1 384 186,98	450 508,37	330 757,48

Source: Company

4. THE MANAGEMENT BOARD'S COMMENTS ON FACTORS AND EVENTS THAT AFFECT THE ACHIEVED FINANCIAL RESULTS

PiLab has been increasing investment in both product development and marketing following a significant pivot in company strategy and operations in Q1 2014. The Company is now in the later stages of its Beta test program in Europe. After the Beta test period is concluded, the Company will launch its product for the Polish market, and will publish sample customer case studies. Following launch in Poland, the Company will then begin market testing in the USA. As the USA is a more expensive environment and requires significant ramp-up costs, the Company's rate of investment will further increase in 2015 and 2016.

5. NOTES TO FINANCIAL DATA

The following exchange rates were applied:

Euro:

from	to	for Balance Sheet statement calculations	for profit and loss account	for cash flow
01.10.2013	31.12.2013	4,1472	4,1849	4,1849
01.10.2014	31.12.2014	4,2623	4,2133	4,2133

Source: NBP

USD:

from	to	for Balance Sheet statement calculations	for profit and loss account	for cash flow
01.10.2013	31.12.2013	3,012	3,0725	3,0725
01.10.2014	31.12.2014	3,5072	3,3738	3,3738

Source: NBP

Balance Sheet applicable exchange rate represents the exchange rate as of the last day of the month ending the relevant period.

Profit and loss account and Cash flow exchange rate represents the average of exchange rates effective on the last day of each month within the relevant period.