

# Quarterly report for the second quarter of 2020

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*for the period from 1 April to 30 June 2020*

*Warsaw, 14 August 2020 r.*

## Table of contents

1. Quarterly financial statements .....	3
a. Balance sheet.....	3
b. Profit and loss account .....	5
c. Statement of changes in equity.....	6
d. Cash flow statement .....	8
2. Information on the principles adopted in the preparation of the report.....	10
3. Comments on the results achieved .....	<b>Błąd! Nie zdefiniowano zakładki.</b>
4. Shareholder structure .....	14
5. Other information .....	<b>Błąd! Nie zdefiniowano zakładki.</b>
a. Information on employment.....	14
b. Position regarding the financial forecast.....	14
c. Implementation of investment plans .....	<b>Błąd! Nie zdefiniowano zakładki.</b>
d. Research and development activities .....	14
e. Information on the capital group .....	<b>Błąd! Nie zdefiniowano zakładki.</b>
6. Contact details .....	16

## 1. Quarterly financial statements

### a. Balance sheet

ASSETS	30.06.2020	30.06.2019
<b>A. FIXED ASSETS</b>	<b>185,42</b>	<b>506,30</b>
I. Intangible assets	185,42	506,30
1. Research and development costs	-	-
2. Goodwill	-	-
3. Other intangible assets	185,42	506,30
4. Advances on intangible assets	-	-
II. Tangible fixed assets	-	-
1. Tangible assets	-	-
2. Tangible assets under construction	-	-
3. Advances for tangible assets under construction	-	-
III. Long-term receivables	-	-
1. From related entities	-	-
2. From other entities in which the entity holds an equity interest	-	-
3. From other entities	-	-
IV. Long-term investments	-	-
1. Real property	-	-
2. Intangible assets	-	-
3. Long-term financial assets	-	-
4. Other long-term investments	-	-
V. Long-term prepayments and accruals	-	-
1. Deferred tax assets	-	-
2. Other prepayments and accruals	-	-
<b>B. CURRENT ASSETS</b>	<b>316 639,58</b>	<b>164 315,36</b>
I. Inventory	-	-
1. Materials	-	-
2. Semi-finished products and work in process	-	-
3. Finished products	-	-
4. Goods	-	-

<b>ASSETS</b>	<b>30.06.2020</b>	<b>30.06.2019</b>
5. Advances on deliveries and services	-	-
II. Short-term receivables	244 856,14	143 938,54
1. Receivables from related entities	-	132 172,54
2. Receivables from other entities in which the entity holds an equity interest	-	-
3. Receivables from other entities	244 856,14	11 766,00
III. Short-term investments	69 830,75	18 482,32
1. Short-term financial assets	69 830,75	18 482,32
2. Other short-term investments	-	-
IV. Short-term prepayments and accruals	1 952,69	1 894,50
<b>C. Called-up share capital</b>	-	-
<b>D. Own shares (stocks)</b>	-	-
<b>TOTAL ASSETS</b>	<b>316 825,00</b>	<b>164 821,66</b>

<b>EQUITY AND LIABILITIES</b>	<b>30.06.2020</b>	<b>30.06.2019</b>
<b>A. EQUITY</b>	<b>261 978,26</b>	<b>33 135,16</b>
I. Share capital	312 000,00	1 560 000,00
II. Supplementary capital, including:	-	-
III. Revaluation reserve	-	-
IV. Other reserve capitals	-	-
V. Profit (loss) of previous years	(131 726,71)	(1 539 899,83)
VI. Net profit (loss)	81 704,97	13 034,99
VII. Write-off on net profit during the financial year	-	-
<b>B. LIABILITIES AND PROVISIONS FOR LIABILITIES</b>	<b>54 846,74</b>	<b>131 686,50</b>
I. Provisions for liabilities	51 342,30	51 342,30
1. Provision for deferred income tax	-	-
2. Provision for retirement and similar benefits	-	-
3. Other provisions	51 342,30	51 342,30
II. Long-term liabilities	-	-
1. To related entities	-	-
2. To other entities in which the entity holds an equity interest	-	-
3. To other entities	-	-
III. Short-term liabilities	3 504,44	80 344,20
1. Liabilities to related entities	-	-

EQUITY AND LIABILITIES	30.06.2020	30.06.2019
2. Liabilities to other entities in which the entity holds an equity interest	-	-
3. Liabilities to other entities	3 504,44	80 344,20
4. Special funds	-	-
IV. Prepayments and accruals	-	-
1. Negative goodwill	-	-
2. Other prepayments and accruals	-	-
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>316 825,00</b>	<b>164 821,66</b>

#### b. Profit and loss account

Profit and loss account	IIQ 2020	IIQ 2019	H1 2020	H1 2019
<b>A. Net revenues from sales and their equivalents, including:</b>	-	<b>44 500,00</b>	<b>226 975,00</b>	<b>64 500,00</b>
- from related entities	-	-	-	64 500,00
I. Net revenues from sales of products	-	-	-	-
II. Change in stock of products	-	-	-	-
III. Costs of manufacturing products for internal purposes	-	-	-	-
IV. Net revenues from sales of goods and materials	-	-	-	-
<b>B. Operating costs</b>	<b>88 400,34</b>	<b>18 058,44</b>	<b>138 372,95</b>	<b>31 828,85</b>
I. Amortisation and depreciation	80,22	106,94	160,44	214,10
II. Material and energy consumption	477,20	-	477,20	-
III. External services	72 522,40	17 934,25	106 957,95	31 580,25
IV. Taxes and charges, including:	-	-	350,00	-
- excise duty	-	-	-	-
V. Payroll	15 000,00	-	30 000,00	-
VI. Social insurance and other benefits	-	-	-	-
VII. Other costs by type	320,52	17,25	427,36	34,50
VIII. Value of goods and materials sold	-	-	-	-
<b>C. Profit (loss) on sales (A-B)</b>	<b>(88 400,34)</b>	<b>26 441,56</b>	<b>88 602,05</b>	<b>32 671,15</b>
<b>D. Other operating revenues</b>	-	-	-	-
I. Gain on disposal of non-financial fixed assets	-	-	-	-

Profit and loss account	IIQ 2020	IIQ 2019	H1 2020	H1 2019
II. Subsidies	-	-	-	-
III. Revaluation of non-financial assets	-	-	-	-
IV. Other operating revenues	-	-	-	-
<b>E. Other operating costs</b>	<b>0,21</b>	<b>17 739,27</b>	<b>0,69</b>	<b>17 739,27</b>
I. Loss on disposal of non-financial fixed assets	-	-	-	-
II. Revaluation of non-financial assets	-	-	-	-
III. Other operating costs	0,21	17 739,27	0,69	17 739,27
<b>F. Operating profit (loss) (C+D-E)</b>	<b>(88 400,55)</b>	<b>8 702,29</b>	<b>88 601,36</b>	<b>14 931,88</b>
<b>G. Financial revenues</b>	<b>2 190,20</b>	<b>261,25</b>	<b>2 904,61</b>	<b>261,25</b>
I. Dividend and profit sharing	-	-	-	-
II. Interest	-	-	-	-
III. Gain on disposal of financial assets	-	-	-	-
IV. Revaluation of financial assets	-	-	-	-
V. Other	2 190,20	261,25	2 904,61	261,25
<b>H. Financial costs</b>	<b>-</b>	<b>2 158,14</b>	<b>-</b>	<b>2 158,14</b>
I. Interest	-	2 158,14	-	2 158,14
II. Loss on sales of financial assets	-	-	-	-
III. Revaluation of investments	-	-	-	-
IV. Other	-	-	-	-
<b>I. Gross profit (loss) (F+G-H)</b>	<b>(86 210,35)</b>	<b>6 805,40</b>	<b>91 505,97</b>	<b>13 034,99</b>
<b>J. Income tax</b>	<b>-</b>	<b>-</b>	<b>9 801,00</b>	<b>-</b>
I. Current portion	-	-	9 801,00	-
II. Deferred portion	-	-	-	-
<b>K. Other mandatory decrease of profit (increase of loss)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>L. Net profit (loss) (I-J-K)</b>	<b>(86 210,35)</b>	<b>6 805,40</b>	<b>81 704,97</b>	<b>13 034,99</b>

### c. Statement of changes in equity

Statement of changes in equity	IIQ 2020	IIQ 2019	H1 2020	H1 2019
<b>I. OPENING BALANCE OF EQUITY</b>	<b>348 188,61</b>	<b>26 329,68</b>	<b>180 273,29</b>	<b>20 100,17</b>
I.a. Opening balance of equity after adjustments	348 188,61	26 329,68	180 273,29	20 100,17

Statement of changes in equity	IIQ 2020	IIQ 2019	H1 2020	H1 2019
1. Opening balance of share capital	1 560 000,00	1 560 000,00	1 560 000,00	1 560 000,00
1.1. Changes in share capital	(1 248 000,00)	-	(1 248 000,00)	-
1.2. Closing balance of share capital	312 000,00	1 560 000,00	312 000,00	1 560 000,00
2. Opening balance of supplementary capital	-	-	-	-
2.1. Changes in supplementary capital	-	-	-	-
2.2. Closing balance of supplementary capital	-	-	-	-
3. Opening balance of revaluation reserve	-	-	-	-
3.1. Changes in revaluation reserve	-	-	-	-
3.2. Closing balance of revaluation reserve	-	-	-	-
4. Opening balance of other reserve capitals	-	-	-	-
4.1. Changes in other reserve capitals	-	-	-	-
4.2. Closing balance of other reserve capitals	-	-	-	-
5. Opening balance of profit (loss) from previous years	(1 379 726,71)	(1 539 899,83)	(1 379 726,71)	(1 539 899,83)
5.1. Opening balance of profit from previous years	-	-	-	-
5.2. Opening balance of profit from previous years, after adjustments	-	-	-	-
5.3. Closing balance of profit from previous years	-	-	-	-
5.4. Opening balance of loss from previous years	(1 379 726,71)	(1 539 899,83)	(1 379 726,71)	(1 539 899,83)
5.5. Opening balance of loss from previous years, after adjustments	(1 379 726,71)	(1 539 899,83)	(1 379 726,71)	(1 539 899,83)
5.6. Closing balance of loss from previous years	(131 726,71)	(1 539 899,83)	(131 726,71)	(1 539 899,83)
5.7. Closing balance profit (loss) from previous years	(131 726,71)	(1 539 899,83)	(131 726,71)	(1 539 899,83)
6. Net result	(86 210,35)	6 805,40	81 704,97	13 034,99
<b>II. CLOSING BALANCE OF EQUITY (CB)</b>	<b>261 978,26</b>	<b>33 135,16</b>	<b>261 978,26</b>	<b>33 135,16</b>
<b>III. EQUITY INCLUDING PROPOSED PROFIT DISTRIBUTION (LOSS COVERAGE)</b>	<b>261 978,26</b>	<b>33 135,16</b>	<b>261 978,26</b>	<b>33 135,16</b>

#### d. Cash flow statement

Cash flow statement	IIQ 2020	IIQ 2019	H1 2020	H1 2019
<b>A. CASH FLOWS FROM OPERATING ACTIVITIES</b>				
I. Net profit (loss)	(86 210,35)	6 805,40	81 704,97	13 034,99
II. Total adjustments	(14 492,09)	(6 628,40)	(123 898,46)	(12 857,99)
1. Amortisation and depreciation	80,22	106,94	160,44	214,10
2. Foreign exchange gains (losses)	-	-	-	-
3. Interest and shares in profits (dividends)	-	-	-	-
4. Profit (loss) on investment activity	-	-	-	-
5. Change in the balance of provisions	-	-	-	-
6. Change in inventories	-	-	-	-
7. Change in receivables	(7 238,27)	(37 426,92)	(125 730,66)	(60 277,92)
8. Change in short-term liabilities, excluding loans and borrowings	(8 404,56)	31 524,33	3 504,44	50 571,33
9. Change in prepayments and accruals	1 070,52	(832,75)	(1 832,69)	(3 365,50)
10. Other adjustments	-	-	-	-
III. Net cash flow from operating activities (I+II)	(100 702,44)	177,00	(42 193,50)	177,00
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>				
I. Inflows	-	-	-	-
1. Disposal of intangible assets and tangible fixed assets	-	-	-	-
2. Disposal of investments in real property and intangible assets	-	-	-	-
3. From financial assets, including:	-	-	-	-
4. Other inflows from investing activities	-	-	-	-
II. Expenses	-	-	-	-
1. Acquisition of intangible fixed assets and tangible fixed assets	-	-	-	-
2. Investments in real property and intangible	-	-	-	-



Cash flow statement	IIQ 2020	IIQ 2019	H1 2020	H1 2019
assets				
3. For financial assets, including:	-	-	-	-
4. Other investment expenses	-	-	-	-
III. Net cash flow from investing activities (I-II)	-	-	-	-
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>				
I. Inflows	-	-	-	-
1. Net inflows from the issue of shares and other capital instruments and capital contributions	-	-	-	-
2. Loans and borrowings	-	-	-	-
3. Issue of debt securities	-	-	-	-
4. Other financial inflows	-	-	-	-
II. Expenses	-	-	-	-
1. Acquisition of own shares (stocks)	-	-	-	-
2. Dividends and other payments to shareholders	-	-	-	-
3. Expenses related to profit distribution other than payments to shareholders	-	-	-	-
4. Repayment of loans and borrowings	-	-	-	-
5. Redemption of debt securities	-	-	-	-
6. On the account of other financial liabilities	-	-	-	-
7. Payments of liabilities arising from financial leasing agreements	-	-	-	-
8. Interest	-	-	-	-
9. Other financial expenses	-	-	-	-
III. Net cash flows from financial activities (I-II)	-	-	-	-
<b>D. TOTAL NET CASH FLOWS (A.III±B.III±C.III)</b>	<b>(100 702,44)</b>	<b>177,00</b>	<b>(42 193,50)</b>	<b>177,00</b>
<b>E. BALANCE SHEET CHANGE IN CASH, INCLUDING</b>	<b>(100 702,44)</b>	<b>177,00</b>	<b>(42 193,50)</b>	<b>177,00</b>
<b>F. OPENING BALANCE OF CASH</b>	<b>170 533,19</b>	<b>98,24</b>	<b>112 024,25</b>	<b>98,24</b>
<b>G. CLOSING BALANCE OF CASH (F±D)</b>	<b>69 830,75</b>	<b>275,24</b>	<b>69 830,75</b>	<b>275,24</b>

## **2. Information on the principles adopted in the preparation of the report**

The financial statements were prepared in accordance with the principles set forth in the Polish Accounting Act of 29 September 1994 binding on entities operating as a going concern.

The Company prepares its profit and loss account according to the nature of expenses.

The Company has not changed its accounting policy as compared to previous reports. In the financial statements, the Company presents economic events in accordance with their economic content.

The financial result of the Company for the quarter of the financial year includes all revenue earned and due to it and the costs associated with this revenue, according to the accrual principle, matching principle and prudence principle.

### **Profit and Loss Account.**

#### **1. Revenues.**

Sales revenue includes undoubtedly due or received net amounts from sales, i.e. reduced by due value added tax (VAT), recognised in the periods to which they relate.

#### **2. Costs.**

The Company keeps the record of costs by type.

The Company's financial result is also affected by:

- other operating revenues and costs indirectly related to the Company's activity in the scope of, among others, profits and losses for the disposal of non-financial fixed assets, revaluation of non-financial assets, creation and release of provisions for future risk, penalties, fines and compensation, receipt or transfer of donations, random events,
- financial income from dividends (shares in profits), interest, profits from the sale of investments, revaluation of investments, surplus of positive exchange rate differences over negative ones,
- financial costs on account of interest, losses from the sale of investments, revaluation of investments, surplus of negative exchange rate differences over positive ones.

#### **3. Taxation**

The gross financial result is corrected by:

- current corporate income tax liabilities,
- deferred income tax assets and liabilities

##### **3.1. Current income tax.**

Current corporate income tax liabilities are recognised pursuant to the tax regulations.

##### **3.2. Deferred income tax.**

Due to temporary differences between the value of assets and liabilities shown in the books of accounts and their tax value and the tax loss deductible in the future, the Company recognizes a provision and determines deferred income tax assets.

Deferred income tax assets are determined as the future foreseeable amount, deductible from income tax in respect of deductible temporary differences which will result in future reduction of the tax base as well as deductible tax loss, calculated in accordance with the prudence principle.

The deferred income tax provision is created at the amount of the income tax payable in the future in connection with temporary differences, i.e. differences which result in higher income tax basis in the future.

The deferred portion recognised in the profit and loss account is the difference between the opening and close balances of deferred income tax assets and liabilities, in the reporting period. The deferred tax assets and liabilities, concerning operations cleared with equity, are also recognized as the equity.

## **Balance sheet.**

### **Fixed assets.**

1. Intangible assets are valued according to acquisition prices or manufacturing costs for development works, reduced by accumulated amortization write-offs and possible write-offs due to permanent loss of value.

Intangible assets include:

- costs of development work completed with a positive result, which will be used for production,
- acquired goodwill,
- acquired property rights, related rights, licences and concessions,
- acquired rights to inventions, patents, trademarks, utility models,
- know-how.

Intangible assets with a unit value of no more than 10 thousand zloty at the date of acceptance for use are written down once to amortisation costs.

2. Tangible assets are valued at purchase price or manufacturing cost less accumulated depreciation and revaluation write-offs.

In justified cases, the purchase price or production cost of tangible assets under construction includes exchange rate differences from valuation of receivables and liabilities as at the balance sheet date and interest on liabilities financing the production or purchase of tangible assets.

For tax purposes, the depreciation rates resulting from the Corporate Income Tax Act of 15 February 1992 defining the amount of depreciation as deductible costs were adopted. Assets with an expected useful life of no more than one year and an initial value of no more than 10 thousand zloty are written off once at the commissioning date.

Tangible assets are depreciated according to the linear method starting from the month following the month of taking into utilisation in the period corresponding to the estimated period of their economic utility.

The balance sheet depreciation rates used are straight-line and they are equal to tax rates.

3. Tangible assets under construction are measured at total costs directly attributable to their acquisition or manufacture, less accumulated impairment losses. In justified cases, the purchase price or production cost of tangible assets under construction includes exchange rate differences from valuation of receivables and liabilities as at the balance sheet date and interest on liabilities financing the production or purchase of tangible assets.

4. Long-term investments.

Shares or stocks in related entities are valued at purchase price less impairment losses. Shares or stocks in other entities (listed on the Warsaw Stock Exchange) are valued at market price. The Company uses the method of disposing of financial assets, according to which disposals of financial assets are measured in turn at the prices of those assets which the Company acquired earlier ("FIFO").

## Current assets

1. Tangible components of current assets are valued according to acquisition price or manufacturing costs after deduction of revaluation write-offs, not higher than their net selling prices as at the balance sheet date.  
The goods are valued at the purchase price increased by the tax on civil law transactions. Goods as off-balance sheet items, constituting contingent liabilities, are valued at the price resulting from a commission, deposit or other agreement.
2. Receivables are valued at the amount of the payment due, in accordance with the prudent valuation principle (after deduction of write-offs).  
Receivables expressed in foreign currencies are valued as at the balance sheet date at the average exchange rate announced by the National Bank of Poland for a given currency. Exchange rate differences on receivables expressed in foreign currencies as at the date of valuation and upon payment are classified as financial costs and revenues respectively. In justified cases, they relate to the cost of production of products, services or the purchase price of goods, as well as the production of fixed assets or intangible assets (to increase or decrease these costs respectively).
3. Short-term investments.  
Shares and stocks are valued at the lower acquisition price and market price (value), depending on which one is higher.  
Cash is disclosed at their nominal value.  
Expressed in foreign currencies are valued as at the balance sheet date at the average exchange rate announced by the National Bank of Poland for a given currency.  
Other short-term investments are valued at purchase price plus transport and customs charges. The purchase price also includes exchange rate differences from the valuation of receivables and liabilities as at the balance sheet date and interest on liabilities financing their purchase.
4. Prepayments and accruals  
Prepayments are recognised if the costs incurred relate to future reporting periods.  
Accrued expenses are recognised in the amount of probable liabilities in the current reporting period.  
Accrued expenses include the value of benefits provided to the entity which have not been invoiced, and under the agreement, the contractor was not obliged to invoice it.  
Called-up capital – did not occur in the company.  
Own shares (stocks) – presentation according to the purchase price of the stocks together with transaction costs.

## Equity and liabilities

1. Equity is entered in the accounting books at nominal value according to their types and principles laid down by law, statute or articles of association.  
The share capital of a capital company is disclosed in the amount specified in the agreement or statute and entered in the court register. Declared but not paid capital contributions are recognized as due capital contributions on the assets side.  
The supplementary capital is created from the distribution of profit, transfer from the revaluation reserve and the surplus of the issue value of shares over their nominal value less the costs of this issue. The remainder of the issuance costs is included in the financial costs.
2. Provisions are created for certain or highly probable future liabilities and are valued as of the balance sheet date at a reliably estimated value. Provisions are included respectively in other operating costs, financial costs, depending on the circumstances of future liabilities.  
Provisions are created on:
  - losses from business transactions in progress,

- guarantees and sureties granted,
  - the effects of pending court proceedings and appeals.
3. Liabilities are measured as at the balance sheet date at the amount due, except for liabilities whose settlement under the agreement is effected by the release of financial assets other than cash or exchange for financial instruments – which are measured at fair value.
- Liabilities expressed in foreign currencies are valued as at the balance sheet date at the average exchange rate announced by the National Bank of Poland for a given currency. Exchange rate differences relating to liabilities expressed in foreign currencies as at the valuation date and upon settlement are classified as follows: negative to financial costs and positive to financial income, respectively. In justified cases, they relate to the cost of production of products, services or purchase price of goods, as well as the production of tangible assets or intangible assets.

### **3. Comments on the results achieved**

In the second quarter of 2020, the Company did not provide any services and did not recognize revenues from sale. Preparations for the development of the business in Poland and talks with potential customers in the country and abroad continued. In parallel, the Company was preparing to take over the selected entity in exchange for a new issue of shares.

The receivables shown as at 30 June 2020 relate to work performed in the first quarter and overpaid taxes. No significant commitments were recognized.

The provision in the amount of 51,342.30, created in 2018, has not been dissolved as it has not been possible to bring the resulting case to a final conclusion.

On 2 April 2020, the court registered amendments to the articles of association, which included changing the name to Polaris IT Group SA and reducing the share capital. The share capital currently amounts to PLN 312,000. The number of shares has also changed, so a merger of shares as at the reference date of 26 May 2020 has been carried out, with the merger taking place on 2 June 2020.

The reduction of the share capital was used to cover losses from previous years, the loss from previous years decreased by PLN 1,248,000 to PLN 131,726.71.

After the end of the quarter, on 6 July 2020, the Ordinary General Meeting decided to issue 55,000,000 registered series P shares in exchange for the contribution in kind in the form of 100% of Industrial Artificial Intelligence Kft. shares of PLN 55,000,000. The issue price of series P shares amounted to 1 PLN. The share subscription agreements were concluded on 6 July 2020.

Until the date of this report, the issue of series P shares was not registered by the court, however, the in-kind contribution was made on 6 July 2020 and from that date a capital group is formed by the Company. The first consolidated report will be prepared for the third quarter of 2020, as there was no capital group as at 30 June 2020. Information on subsidiaries is provided in point 5e of this report

## 4. Shareholder structure

As at the report date, the shareholder structure is as follows:

SHAREHOLDER	NUMBER OF SHARES	PERCENTAGE	NUMBER OF VOTES	PERCENTAGE
Katalin Vargáné Faragó	622,515	19,95%	622,515	19,95%
Ferenc Szabó	472,515	15,14%	472,515	15,14%
Bálint Farkas	472,515	15,14%	472,515	15,14%
dr Gergely Bárdos	300,000	9,62%	300,000	9,62%
Others	1,252,455	40,14%	1,252,455	40,14%
<b>TOTAL</b>	<b>3,120,000</b>	<b>100,00%</b>	<b>3,120,000</b>	<b>100,00%</b>

## 5. Other information

### a. Information on employment

Within the period covered by the report, Polaris IT Group SA did not employ any employees under employment contracts and still does not employ anyone under employment contracts. All works are carried out by business entities on behalf of the Company, or personally by the Management Board and the Proxy.

### b. Position regarding the financial forecast

The Company did not publish financial forecasts for 2020.

### c. Implementation of investment plans

Currently, the work is currently ongoing to develop the activity in Poland based on the subsidiary's products.

### d. Research and development activities

In the second quarter of 2020, the Company did not undertake any activities in the field of research and development.

### e. Information on the capital group

The Company formed a capital group on 6 July 2020. Polaris IT Group SA holds 100% of shares in Industrial Artificial Intelligence Kft. (IAI), and this company owns 100% of the shares of iSRV

Zrt. (iSRV). IAI does not conduct activities generating sales revenues, whereas iSRV is currently a company within the Polaris IT Group, which conducts the largest-scale activities.

iSRV Zrt. is a company under Hungarian law, with its registered seat in Budapest. The legal form corresponds to a Polish joint-stock company (private one - Hungarian law distinguishes between private, public and quoted joint-stock companies).

iSRV operates in the information technology market as a provider of comprehensive hardware and software solutions, with extensive experience in artificial intelligence, cryptography, custom solutions (FPGA), video streaming and biometric security technologies. It provides internationally competitive, innovative solutions for data security, streaming technology and online education.

The events related to the announced COVID-19 pandemic did not significantly affect iSRV operations in the first half of 2020, but the company has seized new opportunities by engaging in the distribution of medical equipment and intends to continue this activity.

In addition to providing streaming services and software development projects, iSRV has continued to develop security systems, data encryption and data storage solutions in recent months. High priority has been given to the further development of its own online education platform, with an emphasis on the high level of data security and the development of new functions.

In the first half of 2020, the company renewed the ISO 9001:2015 Quality Management System certificate, also passed the annual audit of NATO suppliers and extended its license to operate in the military supply sector with the possibility of foreign trade. It has also obtained information security certificates for several categories: "Top secret!", "Secret!" EU, "Secret!" NATO, Paks II "Secret!"

The Company incurs expenditures in the field of research and development in the development of products and services that can be used in the areas of teleworking, distance learning, telemedicine and secure data transmission. In the changed global economic situation, iSRV expects the market for such products and services to grow significantly. The company is currently implementing a marketing plan, including product and service rebranding, which will support international sales activities in the coming months.

In the first half of 2020, iSRV generated sales revenue of HUF 5,974,901,376.00 (PLN 74,835,639.73), of which HUF 5,446,998,826.00 (PLN 68,223,660.30) in the second quarter of 2020.

The net profit of iSRV for the first half of 2020 amounted to HUF 118,420,686.42 (PLN 1,483,219.10) and HUF 24,725,452.56 (PLN 309,686.29) for the second quarter of 2020.

The iSRV operating profit (EBIT) for the first half of 2020 amounted to HUF 187,449,539.66 (PLN 2,347,805.48) and HUF 116, 888,526.68 (PLN 1,464,028.80) for the second quarter of 2020.

Industrial Artificial Intelligence Kft is a Hungarian law company, with its registered seat in Budapest. The legal form corresponds to a Polish limited liability company.

IAI owns 100% of the shares of iSRV Zrt and does not conduct other activities.

In the first half of 2020 the IAI did not achieve revenues. The loss amounted to HUF - 7,184,394.09 (PLN-89,984.54).

The above data, expressed in PLN, was calculated at the exchange rate of 100HUF=PLN1.2525 (average NBP exchange rate of 30 June 2020).

## **6. Contact details**

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