

Quarterly report for the third quarter of 2020

period from 1 July to 30 September 2020.

Warsaw, 14 November 2020.

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1. Quarterly consolidated financial statement

a. Consolidated balance sheet

ACTIVITY	30.09.2020	30.09.2019
A. PERMANENT ACTIVITIES	72 941 439,83	426,08
I. Intangible fixed assets	18 792 097,48	426,08
1. costs of completed development works	8 106 151,87	-
2 Goodwill	-	-
3. other intangible assets	10 685 945,61	426,08
4 Advances on intangible assets	-	-
II. Goodwill of subsidiaries	48 212 688,45	-
1 Goodwill - subsidiaries	48 212 688,45	-
2 Goodwill - jointly controlled entities	-	-
III. Tangible fixed assets	5 936 653,90	-
1 Fixed assets	527 504,30	-
2 Fixed assets under construction	-	-
3 Advances on fixed assets under construction	5 409 149,60	-
IV. Long-term receivables	-	-
1 From related parties	-	-
2. from other entities in which the entity has an involvement in the capital	-	-
3. from other entities	-	-
V. Long-term investments	-	-
1. real estate	-	-
2 Intangible fixed assets	-	-
3 Long-term financial assets	-	-
4. other long-term investments	-	-
VI. Long-term prepayments	-	-
1 Deferred income tax assets	-	-
2. other accruals and deferred income	-	-
B. CURRENT ASSETS	70 434 512,06	84 115,07
I. Stocks	60 123 478,99	-
1. materials	-	-
2 Semi-finished products and products in progress	-	-
3. finished products	-	-
4. goods	60 123 478,99	-

ACTIVITY	30.09.2020	30.09.2019
5 Advances on deliveries and services	-	-
II. Short-term receivables	7 358 575,36	65 260,82
1 Receivables from related parties	-	-
2 Receivables from other entities in which the entity has an involvement in the capital	-	-
3 Receivables from other entities	7 358 575,36	65 260,82
III. Short-term investments	2 834 550,13	17 787,00
1 Short-term financial assets	2 834 550,13	17 787,00
2. other short-term investments	-	-
IV. Short-term prepayments	117 907,58	1 067,25
C. Called-up share capital	-	-
D. Own shares (stocks)	-	-
SUMA OF ACTIVITIES	143 375 951,89	84 541,15

PASSES	30.09.2020	30.09.2019
A. EQUITY (FUND)	53 899 283,98	1 499,78
I. Share capital (fund)	5 812 000,00	1 560 000,00
II. Supplementary capital (fund), including:	49 500 000,00	-
III. Capital (fund) from revaluation	-	-
IV. Other reserve capitals (funds)	-	-
V. Exchange rate differences from conversion	-	-
VI. Profit (loss) from previous years	(131 726,71)	(1 539 899,83)
- consolidation adjustments (technical record)	(1 629 796,99)	-
VII. Net profit (loss)	348 807,68	(18 600,39)
VII. Write-offs from net profit during the financial year	-	-
B. MINORITY CAPITALS	-	-
C. NEGATIVE GOODWILL	-	-
I. Negative value - subsidiaries	-	-
II. Negative value - jointly controlled entities	-	-
D. LIABILITIES AND PROVISIONS FOR LIABILITIES	89 476 667,90	83 041,37
I. Provisions for liabilities	2 574 558,01	51 342,30
1 Provision for deferred income tax	2 523 215,71	-
2 Provision for retirement and similar benefits	-	-
3. other reserves	51 342,30	51 342,30
II. Long-term liabilities	20 170,01	-

PASSES	30.09.2020	30.09.2019
1. towards related parties	-	-
2. to other entities in which the entity has an involvement in the capital	-	-
3. in relation to other entities	20 170,01	-
III. Current liabilities	68 624 315,93	31 699,07
1 Liabilities to related parties	-	-
2 Liabilities to other entities in which the entity has an involvement in the capital	-	-
3 Liabilities to other entities	68 624 315,93	31 699,07
4 Special funds	-	-
IV. Accruals and deferred income	18 257 623,95	-
1 Negative goodwill	-	-
2. other accruals and deferred income	18 257 623,95	-
LASSES SUMA	143 375 951,89	84 541,15

b. Consolidated profit and loss account

Profit and loss account	01.07-30.09 2020	01.07-30.09 2019	01.01-30.09 2020	01.01-30.09 2019
A. Net revenues from sales and equalized with them, including:	50 832 248,26	-	138 288 887,47	64 500,00
- from related parties not covered by the consolidation method	-	-	-	64 500,00
I. Revenue from product sales	47 814 239,60	-	121 974 715,48	-
II. Change in product condition	-	-	-	-
III. Costs of manufacturing products for the entity's own needs	3 018 008,66	-	16 087 196,99	-
IV. Net revenue from sales of goods and materials	-	-	-	-
B. Operating costs	50 131 306,30	30 940,47	135 340 963,17	62 769,32
I. Depreciation	695 015,71	80,22	1 654 683,91	294,32
II. Material and energy consumption	58 599,57	-	146 741,61	-
III. Foreign services	24 204 243,69	30 843,00	52 750 637,49	62 423,25
IV. Taxes and charges, including:	61 887,04	-	172 427,46	-
- excise duty	-	-	-	-
V. Remuneration	361 096,70	-	989 533,75	-
VI. Social insurance and other benefits	5 492,78	-	5 492,78	-

Profit and loss account	01.07-30.09 2020	01.07-30.09 2019	01.01-30.09 2020	01.01-30.09 2019
VII. Other generic costs	503 219,83	17,25	721 002,30	51,75
VIII. Value of goods and materials sold	24 241 750,98	-	78 900 443,87	-
C. Profit (loss) on sales (A-B)	700 941,96	(30 940,47)	2 947 924,30	1 730,68
D. Other operating income	61 106,61	-	140 141,45	-
I. Profit on disposal of non-financial fixed assets	-	-	-	-
II. Grants	-	-	-	-
III. Revaluation of non-financial assets	-	-	-	-
IV. Other operating income	61 106,61	-	140 141,45	-
E. Other operating costs	0,30	-	-	17 739,27
I. Loss on disposal of non-financial fixed assets	-	-	-	-
II. Revaluation of non-financial assets	-	-	-	-
III. Other operating costs	0,30	-	0,99	17 739,27
F. Profit (loss) on operating activities (C+D-E)	762 048,27	(30 940,47)	3 088 065,75	(16 008,59)
G. Financial revenues	3 790,21	0,41	3 398 916,36	261,66
I. Dividends and profit sharing	-	-	-	-
II. Interest	-	-	-	-
III. Gain on the outflow of financial assets	-	-	-	-
IV. Revaluation of financial assets	-	-	-	-
V. Other	3 790,21	0,41	3 398 316,36	261,66
H. Financial costs	1 844 044,95	695,32	5 995 378,61	2 853,46
I. Interest	-	-	-	2 158,14
II. Loss on outflow of financial assets	1 844 044,95	695,32	698 765,38	695,32
III. Revaluation of investments	-	-	-	-
IV. Other	-	-	5 296 613,23	-
I. Profit (loss) on sale of all or part of shares in subsidiaries	-	-	-	-
J. Profit (loss) on business activities (F+G-H+/-I)	(1 078 206,47)	(30 940,06)	491 602,50	(16 008,59)
K. Goodwill write-off	111 221,70	-	111 221,70	-
I. Write-down of goodwill - subsidiaries	111 221,70	-	111 221,70	-
II. Write-down of goodwill - partially owned subsidiaries	-	-	-	-
L. Write-down of negative goodwill	-	-	-	-
I. Write-down of negative goodwill - subsidiaries	-	-	-	-
II. Write-down of negative goodwill - jointly controlled entities	-	-	-	-

Profit and loss account	01.07-30.09 2020	01.07-30.09 2019	01.01-30.09 2020	01.01-30.09 2019
M. Profit (loss) on shares in subsidiaries measured by the equity method	-	-	-	-
I. Gross profit (loss) (J-K+L+/-M)	(1 189 428,17)	(31 635,38)	380 380,80	(18 600,39)
J. Income tax	(75 866,02)	-	31 573,13	-
I. Current part	(75 866,02)	-	31 573,13	-
II. Deferred part	-	-	-	-
K. Other mandatory profit reductions (loss increases)	-	-	-	-
L. Net profit (loss) (I-J-K)	(1 113 562,15)	(31 635,38)	348 807,68	(18 600,39)

c. Consolidated statement of changes in equity

Statement of changes in equity	01.07-30.09 2020	01.07-30.09 2019	01.01-30.09 2020	01.01-30.09 2019
I. EQUITY CAPITAL (FUND) AT THE BEGINNING OF THE PERIOD (BECAUSE)	261 978,26	33 135,16	180 273,29	20 100,17
I.a. Opening balance of equity (fund) after adjustments	261 978,26	33 135,16	180 273,29	20 100,17
1 Core capital (fund) at the beginning of the period	312 000,00	1 560 000,00	312 000,00	312 000,00
1.1 Changes in share capital (fund)	5 500 000,00	-	5 500 000,00	-
1.2 Core capital (fund) at the end of the period	5 812 000,00	1 560 000,00	5 812 000,00	1 560 000,00
2 Supplementary capital (fund) at the beginning of the period	-	-	-	-
2.1 Changes in supplementary capital (fund)	49 500 000,00	-	49 500 000,00	-
2.2 Closing balance of supplementary capital (fund)	49 500 000,00	-	49 500 000,00	-
3 Capital (fund) from revaluation at the beginning of the period	-	-	-	-
3.1 Changes in revaluation capital (fund)	-	-	-	-
3.2 Revaluation reserve (fund) at the end of the period	-	-	-	-
4. other reserve capitals (funds) at the beginning of the period	-	-	-	-
4.1 Changes in other reserve capitals (funds)	-	-	-	-
4.2 Other reserve capital (funds) at the end of the period	-	-	-	-
5. exchange rate differences from conversion				

Statement of changes in equity	01.07-30.09 2020	01.07-30.09 2019	01.01-30.09 2020	01.01-30.09 2019
6 Previous years' profit (loss) at the beginning of the period	(131 726,71)	(1 539 899,83)	(1 379 726,71)	(1 539 899,83)
6.1 Profit from previous years at the beginning of the period	-	-	-	-
6.2 Profit from previous years at the beginning of the period, after adjustments	-	-	-	-
6.3 Profit from previous years at the end of the period	-	-	-	-
6.4 Loss from previous years at the beginning of the period,	(131 726,71)	(1 539 899,83)	(1 379 726,71)	(1 539 899,83)
6.5 Loss from previous years at the beginning of the period, after adjustments	(131 726,71)	(1 539 899,83)	(1 379 726,71)	(1 539 899,83)
6.6 Loss from previous years at the end of the period	(131 726,71)	(1 539 899,83)	(131 726,71)	(1 539 899,83)
6.7 Profit (loss) from previous years at the end of the period	(131 726,71)	(1 539 899,83)	(131 726,71)	(1 539 899,83)
- consolidation adjustments (technical record)	(249 142,10)	-	(1 629 796,99)	-
7 Net result	(1 113 562,18)	(31 365,38)	348 807,68	(18 600,39)
II. EQUITY CAPITAL (FUND) AT THE END OF THE PERIOD (BZ)	53 899 283,98	1 499,78	53 899 283,98	1 499,78
III. EQUITY CAPITAL (FUND), AFTER TAKING INTO ACCOUNT THE PROPOSED PROFIT DISTRIBUTION (LOSS COVERAGE)	53 899 283,98	1 499,78	53 899 283,98	1 499,78

d. Consolidated cash flow statement

Cash flow statement	01.07-30.09 2020	01.07-30.09 2019	01.01-30.09 2020	01.01-30.09 2019
A. CASH FLOWS FROM OPERATING ACTIVITIES				
I. Net profit (loss)	(1 113 562,15)	(31 635,38)	348 807,68	(18 600,39)
II. Adjustments together	(3 871 453,84)	31 635,38	23 617 563,10	18 777,39
1.Minority profits (losses)	-	-	-	-
2 Gains (losses) on shares (stocks) in entities valued with the equity method	-	-	-	-
3 Depreciation	695 015,71	80,22	1 654 683,91	294,32
4 Goodwill write-offs	111 221,70	-	111 221,70	-
5 Write-offs of negative goodwill	-	-	-	-
6 Gains (losses) on exchange rate differences	-	-	-	-
7 Interest and shares in profits	-	-	-	-

(dividends)				
8 Profit (loss) on investment activity	(31 439 744,37)	-	(55 050 388,23)	-
9. change in provisions	-	-	-	-
10. change in inventory	-	-	-	-
11 Change in receivables	60 714 899,82	79 373,04	3 981 060,60	19 095,12
12 Change in current liabilities, except for loans and credits	(51 323 186,88)	(48 645,13)	55 199 427,17	1 926,20
13 Change in prepayments and accrued income	17 370 340,17	827,25	17 721 557,93	(2 538,25)
14 Other corrections	0,01	-	0,02	-
III. Net cash flows from operating activities (I+II)	(4 985 015,99)	-	23 996 370,78	177,00
B. CASH FLOWS FROM INVESTING ACTIVITIES				
I. Inflows	-	477,25	-	477,25
1 Disposal of intangible and tangible fixed assets	-	-	-	-
2 Divestment of investments in real estate and intangible assets	-	-	-	-
3. from financial assets, including	-	477,25	-	477,25
4. other investment inflows	-	-	-	-
II. Expenses	4 697 389,40	-	21 581 581,13	-
1 Acquisition of intangible and tangible fixed assets	4 697 389,40	-	21 581 581,13	-
2 Investments in real estate and intangible assets	-	-	-	-
3. for financial assets, including	-	-	-	-
4. other investment expenditures	-	-	-	-
III. Net cash flows from investing activities (I-II)	(4 697 389,40)	477,25	(21 581 581,13)	477,25
C. CASH FLOWS FROM FINANCIAL ACTIVITIES				
I. Inflows	-	-	26 065,20	-
1 Net proceeds from the issue of shares and other capital instruments and capital contributions	-	-	-	-
2 Credits and loans	-	-	26 065,20	-
(3) Issue of debt securities	-	-	-	-
4. other financial inflows	-	-	-	-
II. Expenses	63 219,84	-	63 219,84	-
1 Acquisition of own shares (stocks)	-	-	-	-
2 Dividends and other payments to owners	-	-	-	-
3 Expenses on account of profit distribution, other than payments to owners	-	-	-	-

4. repayment of credits and loans	63 219,84	-	63 219,84	-
5 Redemption of debt securities	-	-	-	-
6. on account of other financial liabilities	-	-	-	-
7 Payments of liabilities under financial leasing agreements	-	-	-	-
8 Interest	-	-	-	-
9. other financial expenses	-	-	-	-
III. Net cash flows from financial activities (I-II)	(63 219,84)	-	(37 154,64)	-
D. TOTAL NET CASH FLOWS (A.III.+B.III.+C.III)	(9 745 625,23)	477,25	2 347 635,01	654,25
E. BALANCE SHEET CHANGE IN CASH, INCLUDING:	(9 745 625,23)	477,25	2 347 635,01	654,25
F. CASH AT THE BEGINNING OF THE PERIOD	12 580 175,36	275,24	486 915,12	98,24
G. CASH AT THE END OF THE PERIOD (F+D)	2 834 550,13	752,49	2 834 550,13	752,49

2. Quarterly individual financial statement

a. Unit balance sheet

ACTIVITY	Third quarter of 2020	Third quarter of 2019
A. PERMANENT ACTIVITIES	55 000 105,20	426,08
I. Intangible fixed assets	105,20	426,08
1. costs of completed development works	-	-
2 Goodwill	-	-
3. other intangible assets	105,20	426,08
4 Advances on intangible assets	-	-
II. Tangible fixed assets	-	-
1 Fixed assets	-	-
2 Fixed assets under construction	-	-
3 Advances on fixed assets under construction	-	-
III. Long-term receivables	-	-
1 From related parties	-	-
2. from other entities in which the entity has an involvement in the capital	-	-
3. from other entities	-	-
IV. Long-term investments	55 000 000,00	-
1. real estate	-	-

ACTIVITY	Third quarter of 2020	Third quarter of 2019
2 Intangible fixed assets	-	-
3 Long-term financial assets	-	-
4. other long-term investments	55 000 000,00	-
V. Long-term prepayments	-	-
1 Deferred income tax assets	-	-
2. other accruals and deferred income	-	-
B. CURRENT ASSETS	218 641,02	84 115,07
I. Stocks	-	-
1. materials	-	-
2 Semi-finished products and products in progress	-	-
3. finished products	-	-
4. goods	-	-
5 Advances on deliveries and services	-	-
II. Short-term receivables	218 641,02	65 260,82
1 Receivables from related parties	-	-
2 Receivables from other entities in which the entity has an involvement in the capital	-	-
3 Receivables from other entities	142 596,50	65 260,82
III. Short-term investments	74 500,50	17 787,00
1 Short-term financial assets	74 500,50	17 787,00
2. other short-term investments	-	-
IV. Short-term prepayments	1 544,02	1 067,25
C. Called-up share capital	-	-
D. Own shares (stocks)	-	-
SUMA OF ACTIVITIES	55 218 746,22	84 514,15

PASSES	30.09.2020	30.09.2019
A. EQUITY (FUND)	55 145 428,65	1 499,78
I. Share capital (fund)	5 812 000,00	1 560 000,00
II. Supplementary capital (fund), including:	49 500 000,00	-
III. Capital (fund) from revaluation	-	-
IV. Other reserve capitals (funds)	-	-
V. Profit (loss) from previous years	(131 726,71)	(1 539 899,83)

PASSES	30.09.2020	30.09.2019
VI. Net profit (loss)	(34 844,64)	(18 600,39)
VII. Write-offs from net profit during the financial year	-	-
B. LIABILITIES AND PROVISIONS FOR LIABILITIES	73 317,57	83 041,37
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 reserves	51 342,30	51 342,30
II. Long-term liabilities	-	-
1. towards related parties	-	-
2. to other entities in which the entity has an involvement in the capital	-	-
3. in relation to other entities	-	-
III. Current liabilities	21 975,27	31 699,07
1 Liabilities to related parties	-	-
2 Liabilities to other entities in which the entity has an involvement in the capital	-	-
3 Liabilities to other entities	21 975,27	31 699,07
4 Special funds	-	-
IV. Accruals and deferred income	-	-
1 Negative goodwill	-	-
2. other accruals and deferred income	-	-
LASSES SUMA	55 218 746,22	84 514,15

b. Separate profit and loss account

Profit and loss account	01.07-30.09 2020	01.07-30.09 2019	01.01-30.09 2020	01.01-30.09 2019
A. Net revenues from sales and equalized with them, including:	-	-	226 975,00	64 500,00
- from related parties	-	-	-	64 500,00
I. Revenue from product sales	-	-	-	-
II. Change in product condition	-	-	-	-
III. Costs of manufacturing products for the entity's own needs	-	-	-	-
IV. Net revenue from sales of goods and materials	-	-	-	-
B. Operating costs	116 449,95	30 940,47	254 822,90	62 769,32
I. Depreciation	80,22	80,22	240,66	294,30
II. Material and energy consumption	-	-	477,20	-
III. Foreign services	50 482,51	30 843,00	157 440,46	62 423,25
IV. Taxes and charges, including:	11 300,00	-	11 650,00	-
- excise duty	-	-	-	-
V. Remuneration	48 780,92	-	78 780,92	-
VI. Social insurance and other benefits	5 492,78	-	5 492,78	-
VII. Other generic costs	313,25	17,25	740,88	51,75
VIII. Value of goods and materials sold	-	-	-	-
C. Profit (loss) on sales (A-B)	(116 449,95)	(30 940,47)	(27 847,90)	1 730,68
D. Other operating income	-	-	-	-
I. Profit on disposal of non-financial fixed assets	-	-	-	-
II. Grants	-	-	-	-
III. Revaluation of non-financial assets	-	-	-	-
IV. Other operating income	-	-	-	-
E. Other operating costs	0,30	-	0,99	17 739,27
I. Loss on disposal of non-financial fixed assets	-	-	-	-
II. Revaluation of non-financial assets	-	-	-	-
III. Other operating costs	0,30	-	0,99	17 739,27
F. Profit (loss) on operating activities (C+D-E)	(116 450,25)	(30 940,47)	(27 848,89)	(16 008,59)
G. Financial revenues	3 790,17	0,41	6 694,78	261,66
I. Dividends and profit sharing	-	-	-	-
II. Interest	-	-	-	-
III. Gain on the outflow of financial assets	-	-	-	-

Profit and loss account	01.07-30.09 2020	01.07-30.09 2019	01.01-30.09 2020	01.01-30.09 2019
IV. Revaluation of financial assets	-	-	-	-
V. Other	3 790,17	0,41	6 694,78	261,66
H. Financial costs	3 889,53	695,32	3 889,53	2 853,46
I. Interest	-	-	-	2 158,14
II. Loss on outflow of financial assets	-	695,32	-	695,32
III. Revaluation of investments	-	-	-	-
IV. Other	3 889,53	-	3 889,53	-
I. Gross profit (loss) (F+G-H)	(116 549,61)	(31 635,38)	(25 043,64)	(18 600,39)
J. Income tax	9 801,00	-	9 801,00	-
I. Current part	9 801,00	-	9 801,00	-
II. Deferred part	-	-	-	-
K. Other mandatory profit reductions (loss increases)	-	-	-	-
L. Net profit (loss) (I-J-K)	(116 549,61)	(31 635,38)	(34 844,64)	(18 600,39)

c. Separate statement of changes in equity

Statement of changes in equity	01.07-30.09 2020	01.07-30.09 2019	01.01-30.09 2020	01.01-30.09 2019
I. EQUITY CAPITAL (FUND) AT THE BEGINNING OF THE PERIOD (BECAUSE)	261 978,26	33 135,16	180 273,29	20 100,17
I.a. Opening balance of equity (fund) after adjustments	261 978,26	33 135,16	180 273,29	20 100,17
1 Core capital (fund) at the beginning of the period	312 000,00	1 560 000,00	312 000,00	1 560 000,00
1.1 Changes in share capital (fund)	5 500 000,00	-	5 500 000,00	-
1.2 Core capital (fund) at the end of the period	5 812 000,00	1 560 000,00	5 812 000,00	1 560 000,00
2 Supplementary capital (fund) at the beginning of the period	-	-	-	-
2.1 Changes in supplementary capital (fund)	49 500 000,00	-	49 500 000,00	-
2.2 Closing balance of supplementary capital (fund)	49 500 000,00	-	49 500 000,00	-
3 Capital (fund) from revaluation at the beginning of the period	-	-	-	-
3.1 Changes in revaluation capital (fund)	-	-	-	-
3.2 Revaluation reserve (fund) at the end of the period	-	-	-	-
4. other reserve capitals (funds) at the beginning of the period	-	-	-	-

Statement of changes in equity	01.07-30.09 2020	01.07-30.09 2019	01.01-30.09 2020	01.01-30.09 2019
4.1 Changes in other reserve capitals (funds)	-	-	-	-
4.2 Other reserve capital (funds) at the end of the period	-	-	-	-
5 Previous years' profit (loss) at the beginning of the period	(131 726,71)	(1 539 899,83)	(1 379 726,71)	(1 539 899,83)
5.1 Profit from previous years at the beginning of the period	-	-	-	-
5.2 Profit from previous years at the beginning of the period, after adjustments	-	-	-	-
5.3 Profit from previous years at the end of the period	-	-	-	-
5.4 Loss from previous years at the beginning of the period,	(131 726,71)	(1 539 899,83)	(1 379 726,71)	(1 539 899,83)
5.5 Loss from previous years at the beginning of the period, after adjustments	(131 726,71)	(1 539 899,83)	(1 379 726,71)	(1 539 899,83)
5.6 Loss from previous years at the end of the period	(131 726,71)	(1 539 899,83)	(131 726,71)	(1 539 899,83)
5.7 Profit (loss) from previous years at the end of the period	(131 726,71)	(1 539 899,83)	(131 726,71)	(1 539 899,83)
6 Net result	(116 549,61)	(31 365,38)	(34 844,64)	(18 600,39)
II. EQUITY CAPITAL (FUND) AT THE END OF THE PERIOD (BZ)	55 145 428,65	1 499,78	55 145 428,65	1 499,78
III. EQUITY CAPITAL (FUND), AFTER TAKING INTO ACCOUNT THE PROPOSED PROFIT DISTRIBUTION (LOSS COVERAGE)	55 145 428,65	1 499,78	55 145 428,65	1 499,78

d. Separate cash flow statement

Cash flow statement	01.07-30.09 2020	01.07-30.09 2019	01.01-30.09 2020	01.01-30.09 2019
A. CASH FLOWS FROM OPERATING ACTIVITIES				
I. Net profit (loss)	(116 549,61)	(31 635,38)	(34 844,64)	(18 600,39)
II. Adjustments together	121 219,36	31 635,38	(2 679,11)	18 777,39
1) Depreciation	80,22	-	240,66	294,32
2 Gains (losses) on exchange rate differences	-	-	-	-
3 Interest and shares in profits (dividends)	-	80,22	-	-
4 Profit (loss) on investment activity	-	-	-	-
5 Change in provisions	-	-	-	-

Cash flow statement	01.07-30.09 2020	01.07-30.09 2019	01.01-30.09 2020	01.01-30.09 2019
6. change in inventory	-	-	-	-
7 Change in receivables	102 259,64	79 373,04	(23 471,02)	19 095,12
8 Change in current liabilities, except for loans and credits	18 470,83	(48 645,13)	21 975,27	1 926,20
9 Change in prepayments and accrued income	408,67	827,25	(1 424,02)	(2 538,25)
10. other corrections	-	-	-	-
III. Net cash flows from operating activities (I+II)	4 669,75	-	(37 523,75)	177,00
B. CASH FLOWS FROM INVESTING ACTIVITIES				
I. Inflows	-	477,25	-	477,25
1 Disposal of intangible and tangible fixed assets	-	-	-	-
2 Divestment of investments in real estate and intangible assets	-	-	-	-
3. from financial assets, including	-	477,25	-	477,25
4. other investment inflows	-	-	-	-
II. Expenses	-	-	-	-
1 Acquisition of intangible and tangible fixed assets	-	-	-	-
2 Investments in real estate and intangible assets	-	-	-	-
3. for financial assets, including	-	-	-	-
4. other investment expenditures	-	-	-	-
III. Net cash flows from investing activities (I-II)	-	477,25	-	477,25
C. CASH FLOWS FROM FINANCIAL ACTIVITIES				
I. Inflows	-	-	-	-
1 Net impact from the issue of shares and other capital instruments and capital contributions	-	-	-	-
2 Credits and loans	-	-	-	-
(3) Issue of debt securities	-	-	-	-
4. other financial inflows	-	-	-	-
II. Expenses	-	-	-	-
1 Acquisition of own shares (stocks)	-	-	-	-
2 Dividends and other payments to owners	-	-	-	-
3 Expenses on account of profit distribution, other than payments to owners	-	-	-	-
4. repayment of credits and loans	-	-	-	-
5 Redemption of debt securities	-	-	-	-

Cash flow statement	01.07-30.09 2020	01.07-30.09 2019	01.01-30.09 2020	01.01-30.09 2019
6. on account of other financial liabilities	-	-	-	-
7 Payments of liabilities under financial leasing agreements	-	-	-	-
8 Interest	-	-	-	-
9. other financial expenses	-	-	-	-
III. Net cash flows from financial activities (I-II)	-	-	-	-
D. TOTAL NET CASH FLOWS (A.III.+B.III+C.III)	4 669,75	477,25	(37 523,75)	654,25
E. BALANCE SHEET CHANGE IN CASH	4 669,75	477,25	(37 523,75)	654,25
F. CASH AT THE BEGINNING OF THE PERIOD	69 830,75	275,24	112 024,25	98,24
G. CASH AT THE END OF THE PERIOD (F+D)	74 500,50	752,49	74 500,50	752,49

3. Information about the principles adopted in the preparation of the report

The financial statements were prepared in accordance with the principles set out in the Accounting Act of 29 September 1994 applicable to continuing operations.

The Company prepares the profit and loss account in a comparative layout.

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 Company's financial result for a quarter of a given financial year includes all revenues earned and allocated to it and costs related to those revenues in accordance with the principles of accrual, matching revenues and costs and prudent valuation.

Profit and loss account.

1. Revenue.

Revenues from sales include undoubtedly due or received net amounts from sales, i.e. reduced by due value added tax (VAT), recognized in the periods to which they relate.

2. Costs.

The company conducts costs by type.

The Company's financial result is also influenced by it:

- other operating revenues and costs indirectly related to the Company's activity in the scope of, among others, profits and losses for disposal of non-financial fixed assets, revaluation of non-financial assets, creation and dissolution of reserves 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 adjusted:
- current corporate income tax liabilities,
 - deferred income tax assets and liabilities.
- 3.1. Current income tax.
- Current corporate income tax liabilities are calculated in accordance with tax regulations.
- 3.2. Deferred income tax.
- In connection with temporary differences between the value of assets and liabilities shown in the books of accounts and their tax value and tax loss possible to be deducted in the future, the entity creates a reserve and determines assets by virtue of the deferred income tax of which it is a taxpayer.
- Deferred income tax assets are determined in the amount of the amount to be deducted from income tax in the future, due to negative temporary differences which will reduce the income tax base and deductible tax loss in the future, determined taking into account the prudence principle.
- The provision for deferred income tax is created in the amount of income tax payable in the future, due to the occurrence of temporary differences which will increase the income tax calculation basis in the future.
- The deferred portion shown in the profit and loss account is the difference between the balance of deferred tax liabilities and assets at the end and beginning of the reporting period. Provisions and assets on account of deferred income tax, concerning operations settled with equity capital (fund), are also related to equity capital (fund).

Balance sheet.

Fixed assets.

1. Intangible fixed assets are valued at acquisition prices or manufacturing costs for the costs of development works, less accumulated amortization write-offs and impairment losses, if any.
- Intangible assets are considered to be intangible assets:
- costs of development work completed with a positive result, which will be used for production,
 - Acquired goodwill,
 - Acquired property rights, related rights, licenses and concessions,
 - acquired rights to inventions, patents, trademarks, utility models,
 - know-how.
- Intangible assets with a unit value not exceeding 10 thousand PLN on the date of acceptance for use are written down once to amortization costs.
2. Fixed 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 fixed assets under construction includes exchange rate differences from the valuation of receivables and liabilities as at the balance sheet date and interest on liabilities financing the production or purchase of fixed assets.

For tax purposes, the depreciation rates resulting from the Corporate Income Tax Act of February 15, 1992 defining the amount of tax deductible depreciation were adopted.

Assets with an expected useful life of no more than one year and an initial value of no more than PLN 10 thousand are written off once at the time of handover for use.

Fixed assets are redeemed according to the linear method starting from the month following the month of acceptance for exploitation in the period corresponding to the estimated period of their economic utility.

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

3. Fixed assets under construction are valued at the amount of all costs directly related to their acquisition or production, less impairment losses. In justified cases, the purchase price or production cost of fixed 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 acquisition of fixed assets.
4. Long-term investments.
Shares or stocks in related entities are valued at purchase price less impairment losses. Shares in other entities (listed on the Warsaw Stock Exchange) are valued at market price. The Company's method is applied to the disposal of financial assets, according to which the disposal of financial assets is valued successively at the prices of those assets which the Company has acquired the earliest ("FIFO").

Current assets

1. Tangible current assets are valued according to the purchase price or production costs after deduction of revaluation write-offs, not higher than their net selling prices as of the balance sheet date.
The goods are valued according to the purchase price increased by the tax on civil law transactions. Goods in the off-balance sheet register, constituting contingent liabilities, are valued according to the price resulting from the commission, deposit or other contract.
2. Receivables are valued in the amounts of the required payment, in accordance with the principle of prudent valuation (after deduction of revaluation write-offs).
Receivables expressed in foreign currencies are valued as of the balance sheet date at the average exchange rate announced for a given currency by the National Bank of Poland for that day.
Exchange rate differences on receivables expressed in foreign currencies as at the date of valuation and upon payment are included in financial costs and revenues respectively. In justified cases, they are referred to the cost of production of products, services or 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 are valued at the purchase price or market price (value), whichever is lower.
Cash is shown at its nominal value.
Expressed in foreign currencies are valued at the balance sheet date at the average exchange rate announced for a given currency by the National Bank of Poland for that date.
Other short-term investments are valued at the purchase price increased by transport and customs fees. The purchase price also includes exchange rate differences from valuation of receivables and liabilities as at the balance sheet date and interest on liabilities financing their purchase.
4. Accruals and deferred income
Active prepayments are made if the costs incurred relate to future reporting periods.
Accrued expenses are made in the amount of probable liabilities falling on the current reporting period.

Passive accruals include the value of services provided to the entity, which were not invoiced, and under the contract the contractor was not obliged to invoice it.

Unpaid contributions to the basic capital (fund) - did not occur in the company.

Own shares (stocks) - presentation consistent with the share purchase price and transaction costs.

Liabilities

1. Equity (funds) are recognized in the books of accounts at their nominal value according to their types and principles specified by law, statutes or articles of association.

The share capital of a capital company is shown in the amount specified in the contract 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 remaining part of the issue costs is included in 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, to which future liabilities are related.

Reserves are created for the following titles:

- losses from business transactions in progress,
- granted guarantees and warranties,
- the effects of pending court proceedings and appeals.

3. Liabilities are valued as at the balance sheet date in the amount requiring payment, except for liabilities, the settlement of which, in accordance with the agreement, takes place by issuing financial assets other than cash or exchange for financial instruments - which are valued at the fair value.

Liabilities expressed in foreign currencies are valued as at the balance sheet date at the average exchange rate announced for a given currency by the National Bank of Poland for that date.

The exchange rate differences concerning liabilities expressed in foreign currencies as of the day of valuation and settlement are included respectively: negative to financial costs and positive to financial revenues. In justified cases, they are referred to the cost of production of products, services or purchase price of goods, as well as the production of fixed assets or intangible assets.

Consolidated financial statements.

The Company determined the goodwill of the subsidiaries as of the date of establishing the capital group, 6 July 2020, in the amount of 48,323,910,15 PLN. The whole amount of goodwill was assigned to the subsidiary iSRV Zrt. In accordance with the regulations, this value is subject to amortization, so the Company adopted a amortization period of goodwill of 100 years. This means that in each financial year the amortization of goodwill will decrease the consolidated financial result by 483,239.10 PLN. In the third quarter of 2020 the amortization of goodwill amounted to 111,221.70 PLN.

The company decided to present consolidated data taking into account the results of its subsidiaries from the beginning of the financial year 2020, and not from the date of taking control. As a result, an adjustment, resulting from the consolidation procedure, of -1,629,796.99 was included in the liabilities of the consolidated balance sheet. The net profit shown in the consolidated balance sheet as of 30 September 2020 corresponds to the result of the capital group after three quarters of 2020, including amortization of goodwill.

4. Comments on the results achieved

a. Financial results of the capital group.

In the third quarter of 2020 Polaris IT Group SA established a capital group.

On 6 July 2020, agreements to take up P-series shares were concluded in exchange for non-cash contributions made on the same day. The P series shares were registered by the court on 29 September 2020. The issue covered 55,000,000 shares with a nominal value of PLN 0.10 each, at an issue price of PLN 1.

The non-cash contributions (in-kind contribution) were made for 100% of shares in Industrial Artificial Intelligence Kft. (IAI), valued at PLN 55,000,000. IAI does not conduct activities generating revenues from sales, however, its valuation was based on 100% of shares in iSRV Zrt. (iSRV). iSRV is currently the company in the Polaris IT group that operates on the largest scale.

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

iSRV activities currently cover several areas:

1. IT security solutions

Within this activity, it can distinguish self-developed security devices and software for data encryption, which can be used for secure storage and transmission of data, and security solutions based on special sensors (Radar, LIDAR).

Data processing and storage solutions provide a high level of security, which often consists of components based on biometric authentication.

2. online education platform (OLP)

Over the past few years, a priority project has been to develop a modern and secure online learning system based on video communication, which offers more than traditional e-learning systems, usually based on sharing teaching materials. The project was launched with EU and own funds and its further development has a high priority and is constantly being developed, based on the knowledge and more than 20 years of experience of employed experts. This year's events, related to COVID-19, confirmed the validity of the earlier decision of the professional iSRV team, according to which the online education system should be based on video communication.

The iSRV online learning system is not intended to compete with large international players (Zoom, Skype, etc.). The target group includes those users for whom it is important to use a fully customized system, suitable for both training and teamwork. For this group of users, a high level of data protection and the ability to fully control the system is of great importance. The aim is therefore to provide a comprehensive, integrated solution for customers for whom education with a high level of data security is important, in an integrated form and adapted to their organization. Large international competitors (such as Zoom) do not provide at all the appropriate data and transmission security that an important user group expects.

OLP can be operated entirely via an internal network that is not accessible via the public Internet. In addition to institutions and companies with classical and traditional educational activities, the target group includes government agencies, critical infrastructure operators, the

banking sector, insurance companies and companies and businesses that want to protect their data, information and knowledge. Services developed in this area include online learning support products, online conferences, online examinations and online remote working.

3 Artificial Intelligence (AI) solutions

iSRV pays special attention to the possibilities offered by AI. The company wants to strengthen itself and invest in this area. Such investment can bring far-reaching results. On the one hand, it could significantly support the marketability and competitiveness of existing products (e.g. the ability to analyze behavioral patterns through encrypted networks or the support of attention detection by artificial intelligence in the case of online education system). On the other hand, such knowledge can also be useful in completely new fields. Among other things, iSRV is exploring solutions that could be used in research and reforms in health care, agriculture, forestry, urban management and other economic fields.

4. software development

Since iSRV has the capacity (employees, subcontractors) and professional contacts in the field of IT and industrial implementations, as well as extensive experience in project management, as the main contractor it provides assistance for several projects in the implementation of non-standard IT systems.

5. VOD streaming

iSRV has been developing and supporting backend modules used as streaming support solutions since 2016. The main reference in this field is the MyTV service provided by one of its partners, for Telenor Hungary, whose supporting backend modules have been provided by iSRV for five years. However, the management expects that the business potential of streaming backend services related to classical video services will decrease. The streaming know-how is used in the development of the online education platform.

6 Health and medical products department

In this latest section the main activity is currently the trade of medical products. Appropriate steps were taken early this year after the discovery of COVID-19. Thanks to excellent business relations with Chinese partners, iSRV was able to take care of the distribution of products for which demand has increased significantly.

iSRV wants to be active in the health care industry. When she was designing an online learning system, its aim was also to be able to meet the specific needs of health care in terms of education.

In addition to trading in health products, the business planning stage includes the provision of IT services related to health care and medical products, and the company is also analyzing its development and production capabilities for certain products in the health care sector.

Consolidated sales revenues in the third quarter amounted to PLN 50,832,248.26 and consolidated sales revenues from January to September 2020. 138,288,887.47 PLN. These values were most affected by the execution of the contract for the supply of medical equipment by iSRV, although other business segments of iSRV also generated decent results. Based on the results of the third quarter, the Management Board estimates that the EBITDA result expected in the iSRV valuation report for the current year will most likely be achieved by the company.

The Artificial Intelligence segment (AI) has already exceeded the planned annual result, and the company managed to achieve higher than planned revenue also from the sale of medical equipment. The result of the VOD/streaming segment is in line with the plan for 2020, revenues from software development are also in line with the plans, the annual plan in this segment is also likely to be executed.

In the IT security segment, iSRV realized the planned revenues for Q3, but the write-off of expenses for some elements of the project which either did not pass the tests or the Management Board decided to stop their development caused a loss. However, this will have no major impact on the annual result of the IT security segment. The online learning platform (OLP) also started to generate revenue, but in Q3 it was not enough to cover depreciation costs. The galvanizing plant is still under construction, so this year no revenues or operating costs were planned, only capital expenditures. Apart from the above mentioned segments, the company is currently working on other projects, but revenues from them are expected in the fourth quarter and this also had an adverse impact on the third quarter's result.

On the operational level, the capital group achieved in the third quarter an operating profit of 762,048.27 PLN and 3,088,065.75 PLN for the period January-September. After taking into account financial revenues and costs, goodwill amortization and taxes, the group incurred a net loss of 1,113,562.15 PLN in the third quarter, and after three quarters of 2020 it recorded a profit of 348,807.68 PLN. As mentioned above, the result of the third quarter was charged with the costs of resignation from continuing some research and development works on new products. This is a normal practice in iSRV, which conducts research and development works on many products, but as the work progresses and the market is recognized, it resigns from developing less promising products. The result in the third quarter is also affected by exchange rate differences resulting from the contract for the supply of medical equipment. In the opinion of the Management Board of the Company, a weaker result of the third quarter should not significantly affect the implementation of the assumptions for 2020, presented in the IAI and iSRV valuation.

An additional factor that burdens and will burden the consolidated financial results is the need to make goodwill amortization charges in the consolidated financial statements. The Company acquired financial assets with a value of PLN 55,000,000, determined on market principles, in exchange for the issue of shares at the market price (average share price of 200 sessions). As at the date of acquisition, the net assets resulting from the balance sheets of the entities over which the Company took control were lower than the acquisition price of those entities, it established the goodwill for the subordinates as at that date in the amount respectively: PLN 0.00 for IAI and PLN 48,323,910.15 for iSRV. In accordance with the applicable regulations and the adopted accounting policy, the Company determined the goodwill amortization period for 100 years, calculating the amortization amount. The financial result of each quarter will be charged with the amount of PLN 120,809.78 amortization of goodwill of subsidiaries. This amount for the third quarter of 2020 amounts to PLN 111,221.70, as it is calculated for the period from 6 July to 30 September 2020. The calculation of the above amortization results from the accounting regulations and is a presentation element and not an actual expense incurred by the group.

b. Individual financial results.

The company did not provide services and did not show revenues from sales on a unit level. Preparations for the development of business in Poland and talks with potential clients in Poland and abroad continued. A significant part of the costs incurred in the first three quarters was the preparation for the acquisition of the selected entity.

The receivables shown as of September 30, 2020 in the amount of 218 641.02 relate to work performed in the first quarter and overpaid taxes. Slightly more than half of this amount was paid before this report was prepared. No significant liabilities.

The provision in the amount of 51,342.30, created in 2018, is still in the balance sheet at the end of the third quarter, however, it was already dissolved in October 2020, due to the repayment of the amounts awarded against the Company with interest. The case concerned settlements with one of the Company's suppliers, within the framework of the works of art trading conducted in the years 2011-12, and the court order was issued in 2014. The amount of the liability was reserved before the Company was taken over in 2019 by the previous Management Board. It was not possible to negotiate the payment of lower interest, but the matter was finally settled. Apart from the reserve amount, the Company paid 1,859.30 PLN of additional interest.

The shares of IAI contributed in kind were shown as long-term financial assets in the amount of PLN 55,000,000. As of the day of preparing the report, the Company's Management Board sees no basis for updating this value and anticipates that it will be maintained, as no circumstances have occurred that would adversely affect this value.

As a result of the registration of the capital increase through the issuance of P-series shares, the share capital increased to the amount of 5,812,000 PLN, and the supplementary capital (from the agio) was set at 49,500,000 PLN.

The loss in the third quarter of 2020 results from lack of revenues and incurred operating costs, including costs related to the finalization of IAI and iSRV acquisition. The Company's Management Board expects that in the fourth quarter of 2020 The Company will obtain at the unitary level revenues and net profit, which will cover both the current loss and the loss from previous years, which is 131.726,71 PLN.

5. Shareholding

As of the day of preparing the report, the shareholding structure is as follows:

AKCJONARIUSZ	NUMBER OF ACTIONS	PARTICIPATION %	NUMBER OF VOICES	PARTICIPATION %
Bit Pyrite Ltd	38 500 000	66,24%	38 500 000	66,24%
Others	19 620 000	33,76%	19 620 000	33,76%
TOTAL	58 120 000	100,00%	58 120 000	100,00%

6. Other information

a. Information on the impact of COVID-19

COVID-19 has a significant impact on the economy, business and development.

Due to the extension of delivery time in international orders of necessary tools and parts, the development of the group's products has been extended.

The second wave of COVID-19 also affects sales activities. The possibilities of organizing conferences and fairs are suspended, making it difficult to present products to potential customers. The risk in sales is greater because travel restrictions make personal meetings difficult. Currently, the Company is preparing and implementing an alternative marketing strategy to achieve its planned business goals. The situation around COVID-19 has also hindered the development of business in Poland.

b. Employment information

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

The iSRV subsidiary employed as of 30 September 2020. 18 people full time equivalents. The subsidiary IAI did not employ any employees.

c. Position regarding projected financial results

The Company did not publish financial forecasts for 2020, however the valuation of entities over which it took control, prepared as of 31 March 2020, included assumptions as to their future financial results. Although COVID-19 has a significant impact on business and economy, as of the date of this report it should not significantly affect the achievement of the assumptions for 2020 as presented in the IAI and iSRV valuation...

d. Research and development activities

The company, through its subsidiary iSRV, incurs its R&D expenses for product and service development.

In addition to VOD / streaming services and various software development projects, in the third quarter of 2020. iSRV continued to develop IT security systems, data processing and storage solutions and improve its own online education platform.

In a changed global economic environment iSRV expects the market for such products and services to grow significantly.

The company is currently implementing a marketing plan, including rebranding of various products and services related to security and online education, which will support international sales activities.

e. Information about 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 shares in iSRV Zrt. (iSRV). IAI does not conduct activities that generate sales revenues, while iSRV is currently the company in the Polaris IT Group that conducts the largest scale of operations.

iSRV Zrt. is a company under Hungarian law, based in Budapest. The legal form corresponds to a Polish joint-stock company (private - Hungarian law distinguishes between private and public, quoted joint stock companies). The financial statements are consolidated using the full method.

Industrial Artificial Intelligence Kft. is a Hungarian law company, based 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.

7. Contact details

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