

Quarterly report for the second quarter of 2022.

The period from April 1 to June 30, 2022.

Warsaw, August 15, 2022.

Table of contents

1. Letter from the Board of Directors to Shareholders.....	3
2. Quarterly consolidated financial statements.....	4
a. Consolidated balance sheet.....	4
b. Consolidated income statement.....	6
c. Consolidated statement of changes in equity	8
d. Consolidated cash flow statement.....	9
3. Quarterly separate financial statements	12
a. Separate balance sheet.....	12
b. Separate income statement.....	14
c. Separate statement of changes in equity	15
d. Separate cash flow statement.....	16
4. Information on the principles adopted in the preparation of the report.....	19
5. Shareholders	22
6. Other information	22
a. Information on the impact of COVID-19	22
b. Information on employment.....	23
c. Research and development activities	23
d. Information about the capital group	23
7. Contact information	24

1. Management Letter to Shareholders

Dear Shareholders!

We present the financial results of Polaris IT Group SA for the first half of 2022. The Group generated sales revenues of PLN 29.5 million and net profit of PLN 8 million. The parent company earned revenues of PLN 7 million and net profit of PLN 90 thousand.

The results were impacted by the sale in the first quarter of 2022 of a license for the Enclosed Learning online learning system to a U.S.-based customer for €1.5 million, of which the subsidiary iSRV Zrt. accounted for €1.425 million and the parent company Polaris IT Group SA for €75,000.

In March 2022, iSRV Zrt. entered into an agreement with T-Systems Hungary Zrt and is providing technical solutions and IT services to be used in public health care, worth about PLN 12.5 million. The project is currently underway, with the first revenues already visible in the results of the second quarter of 2022. By mid-August 2022, the project was more than 80% complete, and the company has received a similar share of revenues.

In April 2022, iSRV Zrt. entered into an agreement with Pannon Work Zrt. one of the largest recruitment agencies in Hungary, which commissioned the development of a custom CMS system. Expected revenues from this contract will amount to 600 million forints (approx. PLN 7.3 million), the order will be completed by the end of 2022.

In May 2022. , the second consortium involving iSRV Zrt. entered into a framework agreement with the Hungarian Digital Government Agency Ltd. - a Hungarian government agency that handles IT procurement. Entering into a framework agreement with HDGA allows the consortia to bid for contracts. iSRV Zrt. is preparing for tenders as part of two consortia, seeking to take advantage of its purchasing capabilities, business contacts in China and its own development opportunities. Among other things, we are in talks with Chinese equipment manufacturers to be a reseller of their products in Hungary, and are refining and developing our own equipment solutions. We expect significant progress on this project by the end of 2022. In the meantime, we are working to expand iSRV Zrt's server manufacturing and trading capabilities and capacity to be ready to handle orders.

At the end of 2021, we completed the project to build an electroplating plant. Unfortunately, we are now assessing that it is not profitable to start it up, due to the significant increase in electricity prices and labor shortages. Since the conditions of the investment do not allow us to partially lease it, and it is not profitable to operate it ourselves, we have decided not to start up the electroplating plant.

We continue to invest in the design and development of new products, seeking to take advantage of available grant funding. In the first half of 2022, iSRV secured a grant of 125 million forints (about PLN 1.56 million) for the development of production capacity in SMT technology.

I invite you to read the report.

Gábor Kósa

President of the Management Board of Polaris IT Group SA

2. Quarterly consolidated financial statements

a. Consolidated balance sheet

ASSETS	30.06.2022	30.06.2021
A. FIXED ASSETS	70 717 140,53	76 522 995,26
I. Intangible assets	14 108 706,78	18 185 635,08
1. costs of completed development work	8 912 632,71	13 216 616,70
2. goodwill		
3. other intangible assets	5 196 074,07	4 969 018,38
4. advances for intangible assets	-	-
II. Goodwill of subsidiaries	47 367 020,02	47 679 547,92
1. goodwill - subsidiaries	47 367 020,02	47 679 547,92
2. goodwill - jointly controlled entities	-	-
III. Property, plant and equipment	9 241 413,73	10 657 812,26
1. fixed assets	9 143 262,32	451 359,68
2. fixed assets under construction	98 151,41	10 206 452,58
3. advances for fixed assets under construction	-	-
IV. Long-term receivables	-	-
1. from related parties	-	-
2. from other entities in which the entity has an equity interest	-	-
3. from other entities	-	-
V. Long-term investments	-	-
1. real estate	-	-
2. intangible assets	-	-
3. long-term financial assets	-	-
4. other long-term investments	-	-
VI. Long-term accruals	-	-
1. deferred income tax assets	-	-
2. other accruals	-	-
B. CURRENT ASSETS	24 227 845,47	10 656 182,54
I. Stocks	8 711 176,69	543 431,07
1. materials	-	-
2. semi-finished products and work in progress	-	-
3. Finished products	-	-
4. goods	8 711 176,69	543 431,07

ASSETS	30.06.2022	30.06.2021
5. advances for supplies and services	-	-
II. Short-term receivables	14 943 611,67	9 962 903,05
1. receivables from related parties	-	-
2. receivables from other entities in which the entity has an equity interest	-	-
3. receivables from other entities	14 943 611,60	9 962 903,05
III. Short-term investments	547 462,41	131 875,83
1. short-term financial assets	547 462,41	131 875,83
2. other short-term investments	-	-
IV. Short-term prepayments and accruals	25 594,70	17 972,59
C. Payments due to share capital	-	-
D. Own shares (stocks)	-	-
TOTAL ASSETS	94 944 986,00	87 179 177,80

LIABILITIES	30.06.2022	30.06.2021
A. EQUITY (FUND)	57 061 121,19	59 428 422,52
I. Primary capital (fund)	5 812 000,00	5 812 000,00
II. Reserve capital (fund), including:	49 500 000,00	49 500 000,00
III. Capital (fund) from revaluation	-	-
IV. Other reserve capitals (funds)	-	-
V. Foreign exchange differences on translation		
VI. Retained earnings (loss) from previous years	(6 090 393,52)	(79 547,18)
- consolidation adjustments (technical record)	(184 780,60)	(10 847 472,82)
VII. Net profit (loss)	8 024 295,31	15 043 642,52
VII. Write-offs of net profit during the fiscal year	-	-
B. MINORITY CAPITALS	-	-
C. NEGATIVE GOODWILL	-	-
I. Negative value - subsidiaries	-	-
II. Negative value - partially owned subsidiaries	-	-
D. LIABILITIES AND PROVISIONS FOR LIABILITIES	37 883 864,81	27 750 755,28
I. Provisions for liabilities	16 912 372,93	14 477 945,67
1. deferred tax liability	16 912 372,93	14 477 945,67
2. provision for pensions and similar benefits	-	-
3. other provisions	-	-
II. Long-term liabilities	-	20 881,78
1. to related parties	-	-

LIABILITIES	30.06.2022	30.06.2021
(2) Towards other entities in which the entity has an equity interest	-	-
3. to other entities	-	20 881,78
III. Current liabilities	16 928 945,01	12 589 637,91
1. due to related parties	-	-
2 Liabilities to other entities in which the entity has an equity interest	-	-
3. due to other entities	16 928 945,01	12 589 637,91
4 Special funds	-	-
IV. Accruals and prepayments	4 042 546,87	662 289,92
1. negative goodwill	-	-
2. other accruals	4 042 546,87	662 289,92
TOTAL LIABILITIES	94 944 986,00	87 179 177,80

b. Consolidated income statement

Profit and loss account	Q2 2022	Q2 2021	H1 2022	H1 2021
A. Net sales and equalized revenues, including:	9 707 507,66	9 853 770,86	29 498 579,49	112 595 753,84
- from related parties not covered by the consolidation method	-	-	-	-
I. Revenue from sales of products	10 132 384,48	9 192 713,00	29 498 579,49	111 407 462,40
II. Change in the state of products	-	-	-	-
III. Costs of manufacturing products for the entity's own needs	(424 876,82)	661 057,86	-	1 188 291,44
IV. Net income from sales of goods and materials	-	-	-	-
B. Operating expenses	9 561 942,70	7 813 715,48	21 609 696,90	94 807 586,28
I. Depreciation	1 079 728,65	523 901,39	2 202 156,24	981 429,04
II. Consumption of materials and energy	59 694,50	465 533,76	90 146,95	795 669,02
III. Third-party services	3 834 045,16	2 046 370,48	7 400 772,45	5 706 401,50
IV. Taxes and fees, including:	38 418,08	83 793,82	86 811,12	156 747,47
- excise	-	-	-	-
V. Salaries	347 878,67	543 018,61	767 342,23	1 007 096,60
VI. Social security and other benefits	-	-	-	-
VII. Other costs by type	(173 102,38)	74 194,62	56 271,73	440 261,45

Profit and loss account	Q2 2022	Q2 2021	H1 2022	H1 2021
VIII. Value of goods and materials sold	4 375 280,02	4 076 902,80	11 006 196,18	85 719 981,20
C. Profit (loss) on sales (A-B)	145 564,96	2 040 055,38	7 888 882,59	17 788 167,56
D. Other operating income	745 068,07	38 992,09	745 068,59	77 793,04
I. Profit on disposal of non-financial fixed assets	-	-	-	-
II. Grants	-	-	-	-
III. Revaluation of non-financial assets	-	-	-	-
IV. Other operating income	745 068,07	38 992,09	745 068,59	77 793,04
E. Other operating expenses	-	-	-	-
I. Loss on disposal of non-financial fixed assets	-	-	-	-
II. Revaluation of non-financial assets	-	-	-	-
III. Other operating expenses	-	-	-	-
F. Profit (loss) from operations (C+D-E)	890 633,03	2 079 047,47	8 633 951,18	17 865 960,60
G. Financial income	469 503,81	4 242,46	488 151,34	202 950,64
I. Dividends and profit sharing	-	-	-	-
II. Interest	-	-	-	-
III. Profit on outflow of financial assets	-	-	-	-
IV. Revaluation of financial assets	-	-	-	-
V. Other	469 503,81	4 242,46	488 151,34	202 950,64
H. Finance costs	53 837,00	16 242,99	64 285,96	1 095 094,98
I. Interest	2 419,30	-	12 396,55	104,04
II. Loss on outflows of financial assets	-	2 401,03	-	4 884,18
III. Revaluation of investments	-	-	-	-
IV. Other	51 417,70	13 841,96	51 889,41	1 090 106,76
I. Profit (loss) on sale of all or part of shares of subordinates	-	-	-	-
J. Profit (loss) from business activities (F+G-H+/-1)	1 306 299,84	2 067 046,94	9 057 816,56	16 973 816,26
K. Write-down of goodwill	120 809,77	291 520,95	241 619,55	412 330,74
I. Write-down of goodwill - subsidiaries	120 809,77	291 520,95	241 619,55	412 330,74
II. Write-down of goodwill - joint subsidiaries	-	-	-	-
L. Write-down of negative goodwill	-	-	-	-
I. Write-down of negative goodwill - subsidiaries	-	-	-	-
II. Write-off of negative goodwill - jointly controlled entities	-	-	-	-

Profit and loss account	Q2 2022	Q2 2021	H1 2022	H1 2021
M. Profit (loss) on shares in subsidiaries measured by the peacetime method	-	-	-	-
I. Gross profit (loss) (J-K+L+/-M)	1 185 490,07	1 775 525,99	8 816 197,01	16 561 485,52
J. Income tax	114 482,27	188 347,49	791 901,70	1 517 843,00
I. Current part	114 482,27	188 347,49	791 901,70	1 517 843,00
II. Deferred portion	-	-	-	-
K. Other mandatory reductions in profit (increases in loss)	-	-	-	-
L. Net profit (loss) (I-J-K)	1 071 007,80	1 587 178,50	8 024 295,31	15 043 642,52

c. Consolidated statement of changes in equity

Statement of changes in equity	Q2 2022	Q2 2021	H1 2022	H1 2021
I. EQUITY (FUND) AT THE BEGINNING OF THE PERIOD (BO)	56 073 457,56	57 732 934,51	49 107 103,86	44 331 786,04
I.a. Equity (fund) at the beginning of the period (BO) after adjustments	56 073 457,56	57 732 934,51	49 107 103,86	44 331 786,04
1. basic capital (fund) at the beginning of the period	5 812 000,00	5 812 000,00	5 812 000,00	5 812 000,00
1.1 Changes in share capital (fund)	-	-	-	-
1.2. basic capital (fund) at the end of the period	5 812 000,00	-	5 812 000,00	-
2. reserve capital (fund) at the beginning of the period	49 500 000,00	49 500 000,00	49 500 000,00	49 500 000,00
2.1 Changes in supplementary capital (fund)	-	-	-	-
2.2 Balance of supplementary capital (fund) at the end of the period	49 500 000,00	49 500 000,00	49 500 000,00	49 500 000,00
3. revaluation reserve (fund) at the beginning of the period	-	-	-	-
3.1 Changes in revaluation reserve (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 capitals (funds) at the end of the period	-	-	-	-
5. exchange differences on translation	(83 344,51)	108 309,51	(70 277,96)	52 993,96
6. profit (loss) from previous years at the beginning of the period	(6 090 393,53)	(79 547,18)	(6 090 393,52)	(79 547,18)

Statement of changes in equity	Q2 2022	Q2 2021	H1 2022	H1 2021
6.1 Profit from previous years at the beginning of the period	8 482 276,74	-	8 482 276,74	-
6.2 Profit from previous years at the beginning of the period, after adjustments	8 482 276,74	-	8 482 276,74	-
6.3 Retained earnings at the end of the period	8 482 276,74	-	8 482 276,74	-
6.4 Opening loss from previous years,	14 572 670,26	79 547,18	14 572 670,26	79 547,18
6.5 Loss from previous years at the beginning of the period, as adjusted	14 572 670,26	79 547,18	14 572 670,26	79 547,18
6.6. loss from previous years at the end of the period	14 572 670,26	79 547,18	14 572 670,26	79 547,18
6.7 Profit (loss) from previous years at the end of the period	(6 090 393,52)	(79 547,18)	(6 090 393,52)	(79 547,18)
- consolidation adjustments (technical record)	-	-	-	-
7. net result	1 071 008,16	1 587 178,50	8 024 295,31	15 043 642,52
II. EQUITY (FUND) AT THE END OF THE PERIOD (BZ)	57 061 121,21	59 428 422,52	57 061 121,21	59 428 422,52
III. EQUITY (FUND), AFTER TAKING INTO ACCOUNT THE PROPOSED DISTRIBUTION OF PROFIT (COVERAGE OF LOSS)	57 061 121,21	59 428 422,52	57 061 121,21	59 428 422,52

d. Consolidated cash flow statement

Cash flow statement	Q2 2022	Q2 2021	H1 2022	H1 2021
A. CASH FLOWS FROM OPERATING ACTIVITIES				
I. Net profit (loss)	1 071 008,16	1 587 178,50	8 024 295,31	15 043 642,52
II. Total adjustments	2 765 754,92	(2 755 312,66)	(2 335 745,79)	(9 057 502,78)
1.Minority profits (losses)	-	-	-	-
(2) Gains (losses) on shares in entities accounted for using the equity method	-	-	-	-
3. depreciation	1 079 728,29	523 901,39	2 202 156,24	981 429,04
4. write-downs of goodwill	120 809,77	291 520,95	241 619,55	412 330,74
5. write-downs of negative goodwill	-	-	-	-
6. foreign exchange gains (losses)	(22 272,66)	-	(18 763,00)	-
7. interest and profit sharing (dividends)	-	-	-	-
8. profit (loss) from investment activities	(601,68)	-	8 973,53	-
9. change in reserves	-	-	-	-
10. change in inventory	1 031 097,91	119 667,33	(6 673 362,91)	82 031 544,33

Cash flow statement	Q2 2022	Q2 2021	H1 2022	H1 2021
11. change in receivables	468 806,58	(2 302 584,34)	(6 007 284,81)	(3 836 809,63)
12. change in short-term liabilities, except for loans and borrowings	448 363,81	(1 444 789,76)	7 646 244,97	(89 046 004,06)
13. change in prepayments and accruals	(360 177,13)	56 971,78	264 670,63	400 007,03
14. other adjustments	0,03	(0,01)	0,01	(0,23)
III. Net cash flow from operating activities (I+II)	3 836 763,08	(1 168 134,16)	5 688 549,52	5 986 139,74
B. CASH FLOWS FROM INVESTING ACTIVITIES	-	-	-	-
I. Proceeds	-	-	-	-
1. disposal of intangible and tangible fixed assets	-	-	-	-
2. disposal of investments in real estate and intangible assets	-	-	-	-
3. of financial assets, including:	-	-	-	-
4. other investment income	-	-	-	-
II. Expenses	2 875 394,32	1 082 647,85	3 601 028,48	6 081 407,31
1. acquisition of intangible and tangible fixed assets	2 875 394,32	1 082 647,85	3 601 028,48	6 081 407,31
2. investments in real estate and intangible assets	-	-	-	-
3. for financial assets, including:	-	-	-	-
4. other capital expenditure	-	-	-	-
III. Net cash flow from investing activities (I-II)	(2 875 394,32)	(1 082 647,85)	(3 601 028,48)	(6 081 407,31)
C. CASH FLOWS FROM FINANCING ACTIVITIES	-	-	-	-
I. Proceeds	126,00	-	0,12	-
1. net proceeds from issuance of shares (share issues) and other equity instruments and capital contributions	-	-	-	-
2 Credits and loans	126,00	-	0,12	-
3. issuance of debt securities	-	-	-	-
4. other financial inflows	-	-	-	-
II. Expenses	624 971,45	-	1 932 161,87	-
1. acquisition of own shares (stocks)	-	-	-	-
2. dividends and other payments to owners	-	-	-	-
3. other than payments to owners, profit distribution expenses	-	-	-	-
4. repayment of loans and credits	624 971,45	-	1 932 161,87	-
5. redemption of debt securities	-	-	-	-
6. on account of other financial liabilities	-	-	-	-
7. payments of liabilities under finance leases	-	-	-	-

Cash flow statement	Q2 2022	Q2 2021	H1 2022	H1 2021
8 Interest	-	-	-	-
9. other financial expenses	-	-	-	-
III. Net cash flow from financing activities (I-II)	(625 097,21)	-	(1 932 161,75)	-
D. TOTAL NET CASH FLOWS (A.III.+B.III.+C.III)	409 254,10	(2 250 782,01)	155 359,29	(95 267,57)
E. BALANCE SHEET CHANGE IN CASH, INCLUDING:	336 271,55	(2 250 782,01)	155 359,29	(95 267,57)
F. CASH AT BEGINNING OF PERIOD	211 190,86	2 382 657,84	392 103,12	227 143,40
G. CASH AT THE END OF THE PERIOD (F+D)	547 462,41	131 875,83	547 462,41	131 875,83

3. Quarterly separate financial statements

a. Separate balance sheet

ASSETS	30.06.2022	30.06.2021
A. FIXED ASSETS	55 000 000,00	55 000 000,00
I. Intangible assets	-	-
1. costs of completed development work	-	-
2. goodwill	-	-
3. other intangible assets	-	-
4. advances for intangible assets	-	-
II. Tangible fixed assets	-	-
1. fixed assets	-	-
2. fixed assets under construction	-	-
3. advances for fixed assets under construction	-	-
III. Long-term receivables	-	-
1. from related parties	-	-
2. from other entities in which the entity has an equity interest	-	-
3. from other entities	-	-
IV. Long-term investments	55 000 000,00	55 000 000,00
1. real estate	-	-
2. intangible assets	-	-
3. long-term financial assets	-	-
4. other long-term investments	55 000 000,00	55 000 000,00
V. Long-term accruals	-	-
1. deferred income tax assets	-	-
2. other accruals	-	-
B. CURRENT ASSETS	310 028,64	275 093,33
I. Stocks	-	-
1. materials	-	-
2. semi-finished products and work in progress	-	-
3. Finished products	-	-
4. goods	-	-
5. advances for supplies and services	-	-
II. Short-term receivables	206 427,88	232 419,68
1. receivables from related parties	-	-

ASSETS	30.06.2022	30.06.2021
2. receivables from other entities in which the entity has an equity interest	-	-
3. receivables from other entities	206 427,88	232 419,68
III. Short-term investments	97 724,40	37 865,62
1. short-term financial assets	97 724,40	37 865,62
2. other short-term investments	-	-
IV. Short-term prepayments and accruals	5 876,36	4 808,03
C. Payments due to share capital	-	-
D. Own shares (stocks)	-	-
TOTAL ASSETS	55 310 028,64	55 275 093,33

LIABILITIES	30.06.2022	30.06.2021
A. EQUITY (FUND)	55 274 745,52	55 274 180,59
I. Primary capital (fund)	5 812 000,00	5 812 000,00
II. Reserve capital (fund), including:	49 500 000,00	49 500 000,00
III. Capital (fund) from revaluation	-	-
IV. Other reserve capitals (funds)	-	-
V. Retained earnings (loss) from previous years	(126 899,39)	(79 547,18)
VI. Net profit (loss)	89 644,91	41 727,77
VII. Deductions from net profit during the fiscal year	-	-
B. LIABILITIES AND PROVISIONS FOR LIABILITIES	35 283,12	912,74
I. Provisions for liabilities	-	-
1. deferred tax liability	-	-
2. provision for pensions and similar benefits	-	-
3. other provisions	-	-
II. Long-term liabilities	-	-
1. to related parties	-	-
2. to other entities in which the entity has an equity interest	-	-
3. to other entities	-	-
III. Current liabilities	35 283,12	912,74
1. due to related parties	-	-
2. Liabilities to other entities in which the entity has an equity interest	-	-
3. due to other entities	35 283,12	912,74

LIABILITIES	30.06.2022	30.06.2021
4 Special funds	-	-
IV. Accruals and prepayments	-	-
1. negative goodwill	-	-
2. other accruals	-	-
TOTAL LIABILITIES	55 310 028,64	55 275 093,33

b. Separate income statement

Profit and loss account	Q2 2022	Q2 2021	H1 2022	H1 2021
A. Net sales and equalized revenues, including:	-	-	6 976 050,00	3 941 896,00
- from related parties	-	-	-	-
I. Income from sales of products	-	-	6 976 050,00	3 941 896,00
II. Change in the state of products	-	-	-	-
III. Costs of manufacturing products for the entity's own needs	-	-	-	-
IV. Net income from sales of goods and materials	-	-	-	-
B. Operating expenses	136 183,78	78 751,08	6 873 533,01	3 897 734,96
I. Depreciation	-	-	-	24,98
II. Consumption of materials and energy	60,00	-	60,00	60,00
III. Third-party services	108 463,56	50 823,46	202 915,35	109 109,24
IV. Taxes and fees, including:	330,19	1 068,00	330,19	1 068,00
- excise	-	-	-	-
V. Salaries	26 603,75	23 392,35	41 603,75	41 392,35
VI. Social security and other benefits	-	-	-	-
VII. Other costs by type	726,28	466,77	1 376,22	1 278,46
VIII. Value of goods and materials sold	-	0,50	6 627 247,50	3 744 801,93
C. Profit (loss) on sales (A-B)	(136 183,78)	(78 751,08)	102 516,99	44 161,04
D. Other operating income	0,26	984,00	0,78	984,00
I. Profit on disposal of non-financial fixed assets	-	-	-	-
II. Grants	-	-	-	-
III. Revaluation of non-financial assets	-	-	-	-
IV. Other operating income	0,26	984,00	0,78	984,00
E. Other operating expenses	-	-	-	-
I. Loss on disposal of non-financial fixed	-	-	-	-

Profit and loss account	Q2 2022	Q2 2021	H1 2022	H1 2021
assets				
II. Revaluation of non-financial assets	-	-	-	-
III. Other operating expenses	-	-	-	-
F. Profit (loss) from operations (C+D-E)	(136 183,52)	(77 767,08)	102 517,77	45 145,04
G. Financial income	1 470,00	563,90	8 617,22	2 318,33
I. Dividends and profit sharing	-	-	-	-
II. Interest	-	-	-	-
III. Profit on outflow of financial assets	-	-	-	-
IV. Revaluation of financial assets	-	-	-	-
V. Other	1 470,00	563,90	8 617,22	2 318,33
H. Finance costs	701,04	3 558,37	711,08	3 678,60
I. Interest	17,00	-	17,00	104,04
II. Loss on outflows of financial assets	-	-	-	-
III. Revaluation of investments	-	-	-	-
IV. Other	694,08	3 558,37	694,08	3 574,56
I. Gross profit (loss) (F+G-H)	(135 414,56)	(80 761,55)	110 423,91	43 784,77
J. Income tax	-	-	20 977,00	2 057,00
I. Current part	-	-	20 977,00	2 057,00
II. Deferred portion	-	-	-	-
K. Other mandatory reductions in profit (increases in loss)	-	-	-	-
L. Net profit (loss) (I-J-K)	(135 414,56)	(80 761,55)	89 644,91	41 727,77

c. Separate statement of changes in equity

Statement of changes in equity	Q2 2022	Q2 2021	H1 2022	H1 2021
I. EQUITY (FUND) AT THE BEGINNING OF THE PERIOD (BO)	55 410 160,08	55 354 942,14	55 185 100,81	55 232 452,82
I.a. Equity (fund) at the beginning of the period (BO) after adjustments	55 354 942,14	55 354 942,14	55 232 452,82	55 232 452,82
1. basic capital (fund) at the beginning of the period	5 812 000,00	5 812 000,00	5 812 000,00	5 812 000,00
1.1 Changes in share capital (fund)	-	-	-	-
1.2. basic capital (fund) at the end of the period	-	-	-	-
2. reserve capital (fund) at the beginning of the period	-	-	-	-
2.1 Changes in supplementary capital	49 500 000,00	49 500 000,00	49 500 000,00	49 500 000,00

Statement of changes in equity	Q2 2022	Q2 2021	H1 2022	H1 2021
(fund)				
2.2 Balance of supplementary capital (fund) at the end of the period	49 500 000,00	49 500 000,00	49 500 000,00	49 500 000,00
3. revaluation reserve (fund) at the beginning of the period	-	-	-	-
3.1 Changes in revaluation reserve (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 capitals (funds) at the end of the period	-	-	-	-
5. profit (loss) from previous years at the beginning of the period	(126 899,36)	(79 547,18)	(126 899,36)	(79 547,18)
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 Retained earnings at the end of the period	-	-	-	-
5.4 Opening loss from previous years,	79 547,18	79 547,18	126 899,36	79 547,18
5.5 Loss from previous years at the beginning of the period, as adjusted	79 547,18	79 547,18	126 899,36	79 547,18
5.6 Loss from previous years at the end of the period	79 547,18	79 547,18	126 899,36	79 547,18
5.7 Profit (loss) from previous years at the end of the period	(79 547,18)	(79 547,18)	(126 899,36)	(79 547,18)
6. net result	(135 414,56)	(80 761,55)	89 644,91	41 727,77
II. EQUITY (FUND) AT THE END OF THE PERIOD (BZ)	55 274 745,52	55 274 180,59	55 274 745,52	55 274 180,59
III. EQUITY (FUND), AFTER TAKING INTO ACCOUNT THE PROPOSED DISTRIBUTION OF PROFIT (COVERAGE OF LOSS)	55 274 745,52	55 274 180,59	55 274 745,52	55 274 180,59

d. Separate cash flow statement

Cash flow statement	Q2 2022	Q2 2021	H1 2022	H1 2021
A. CASH FLOWS FROM OPERATING ACTIVITIES				
I. Net profit (loss)	89 644,91	(80 761,55)	(135 414,56)	41 727,77

Cash flow statement	Q2 2022	Q2 2021	H1 2022	H1 2021
II. Total adjustments	(31 247,66)	81 600,40	218 758,79	(69 778,22)
1. depreciation	-	-	-	24,98
2. foreign exchange gains (losses)	-	-	-	-
3. interest and profit sharing (dividends)	-	-	-	-
4. profit (loss) from investment activities	-	-	-	-
5. change in reserves	-	-	-	-
6. change in inventory	-	-	-	-
7. change in receivables	(60 128,32)	82 814,53	202 024,62	(45 222,70)
8. change in short-term liabilities, except for loans and borrowings	34 270,15	(3 680,90)	15 723,12	(20 237,50)
9. change in prepayments and accruals	(5 389,49)	2 466,77	1 011,05	(4 343,00)
10. other adjustments	-	-	-	-
III. Net cash flow from operating activities (I+II)	58 397,25	838,85	83 344,23	(28 050,45)
B. CASH FLOWS FROM INVESTING ACTIVITIES				
I. Proceeds	-	-	-	-
1. disposal of intangible and tangible fixed assets	-	-	-	-
2. disposal of investments in real estate and intangible assets	-	-	-	-
3. of financial assets, including:	-	-	-	-
4. other investment income	-	-	-	-
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 capital expenditure	-	-	-	-
III. Net cash flow from investing activities (I-II)	-	-	-	-
C. CASH FLOWS FROM FINANCING ACTIVITIES				
I. Proceeds	-	-	-	-
1. net proceeds from issuance of shares and other equity instruments and capital contributions	-	-	-	-
2 Credits and loans	-	-	-	-
3. issuance of debt securities	-	-	-	-
4. other financial inflows	-	-	-	-
II. Expenses	-	-	-	-
1. acquisition of own shares (stocks)	-	-	-	-

Cash flow statement	Q2 2022	Q2 2021	H1 2022	H1 2021
2. dividends and other payments to owners	-	-	-	-
3. other than payments to owners, profit distribution expenses	-	-	-	-
4. repayment of loans and credits	-	-	-	-
5. redemption of debt securities	-	-	-	-
6. on account of other financial liabilities	-	-	-	-
7. payments of liabilities under finance leases	-	-	-	-
8 Interest	-	-	-	-
9. other financial expenses	-	-	-	-
III. Net cash flow from financing activities (I-II)	-	-	-	-
D. TOTAL NET CASH FLOWS (A.III.+B.III.+C.III)	58 397,25	838,85	83 344,23	(28 050,45)
E. BALANCE SHEET CHANGE IN CASH, INCLUDING:	58 397,25	838,85	83 344,23	(28 050,45)
F. CASH AT BEGINNING OF PERIOD	39 327,15	37 026,77	14 380,17	65 916,07
G. CASH AT THE END OF THE PERIOD (F+D)	97 724,40	37 865,62	97 724,40	37 865,62

4. Information on the principles adopted in the preparation of the report

The financial statements have been prepared in accordance with the principles set forth in the Accounting Act of September 29, 1994 applicable to continuing operations.

The company prepares its income statement on a comparative basis.

The Company has not changed its accounting policy compared to previous reports. In the financial statements, the Company reports economic events according to their economic content.

The Company's financial result for a quarter of a given fiscal year includes all revenues earned and attributable to the Company and related expenses in accordance with the principles of accrual, matching of revenues and expenses and prudent valuation.

Income Statement.

1. Revenue.

Sales revenues include unquestionable net amounts due or received from sales, i.e. less any value added tax (VAT) due, recognized in the periods to which they relate.

2. Costs.

The company keeps costs by type.

The Company's financial result is further affected by:

- Other operating income and expenses indirectly related to the Company's operations in terms of, among other things, gains and losses on disposals of non-financial fixed assets, revaluation of non-financial assets, creation and release of provisions for future risks, penalties, fines and damages, receipt or transfer of donations, fortuitous events,
- Financial income from dividends (profit sharing), interest, gains on disposal of investments, revaluation of investments, excess of positive exchange differences over negative exchange differences,
- Financial expenses due to interest, losses on disposal of investments, revaluation of investments, excess of foreign exchange losses over gains.

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 accrued in accordance with tax regulations.

3.2. Deferred income taxes.

In connection with temporary differences between the reported value of assets and liabilities in the books and their tax value and tax loss deductible in the future, the entity creates a provision and establishes deferred tax assets, of which it is a taxpayer.

Deferred tax assets are established at the amount expected to be deducted from income tax in the future, due to deductible temporary differences that will reduce the basis for calculating income tax in the future and deductible tax loss, determined taking into account the prudence principle.

Deferred income tax provision is created in the amount of income tax payable in the future, due to the existence of temporary differences that will increase the basis for calculating income tax in the future.

The deferred portion reported in the income statement represents the difference between the balance of deferred tax liabilities and assets at the end and beginning of

the reporting period. Deferred tax liabilities and assets, relating to operations accounted for with equity (fund), are also referred to equity (fund).

Balance.

Fixed Assets.

1. Intangible assets are valued at acquisition or production cost for development costs, less accumulated amortization and impairment losses, if any.

Intangible assets are considered to be:

- 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 of up to PLN 10,000 on the date of adoption for use are written off as one-time amortization.

2. Fixed assets are valued at cost less accumulated depreciation and write-downs.

In justified cases, foreign exchange differences from the valuation of receivables and liabilities arising as of the balance sheet date and interest on liabilities financing the manufacture or acquisition of fixed assets are included in the cost of fixed assets under construction.

For tax purposes, depreciation rates resulting from the Law on Corporate Income Tax of February 15, 1992 determining the amount of depreciation deductible for tax purposes were adopted.

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

Fixed assets are depreciated according to the straight-line method starting from the month following the month of commissioning over a period corresponding to their estimated economic useful life.

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

3. Fixed assets under construction are valued at the total 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 the valuation of receivables and liabilities arising as of the balance sheet date and interest on liabilities financing the manufacture or acquisition of fixed assets.
4. Long-term investments.

Shares or stocks in affiliated companies are valued at cost 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 for outflows of financial assets, according to which outflows of financial assets are valued sequentially at the prices of those assets that the Company has acquired earliest ("FIFO").

Current assets

1. Tangible current assets are valued at cost, net of impairment losses, not higher than their net selling prices as of the balance sheet date.

Goods are valued at purchase price plus tax on civil law transactions. Goods in off-balance sheet records, representing contingent liabilities, are valued at the price resulting from a commission, deposit or other agreement.

2. Receivables are valued at amounts required to be paid, using the prudent valuation principle (net of allowances).
Receivables denominated in foreign currencies are valued as of the balance sheet date at the average exchange rate for a given currency announced for that date by the National Bank of Poland.
Exchange rate differences on receivables denominated in foreign currencies arising as of the valuation date and upon payment are included in financial expenses and income, respectively. In justified cases, they are referred 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 or stocks are valued at the lower of cost or market price (value).
Cash is reported at nominal value.
Expressed in foreign currencies are valued as of the balance sheet date at the average exchange rate for a given currency announced for that date by the National Bank of Poland.
Other short-term investments are valued at cost plus freight and customs charges. Also included in the purchase price are exchange rate differences from the valuation of receivables and liabilities arising as of the balance sheet date and interest on liabilities financing their acquisition.
4. Accruals
Deferred expenses are made if the costs incurred relate to future reporting periods.
Accrued expenses are made in the amount of probable liabilities attributable to the current reporting period.
Accrued expenses include the value of services provided to the entity that have not been invoiced, and under the contract the contractor was not obliged to invoice it.
Payments due to share capital (fund) - did not occur in the company.
Treasury shares (stocks) - presentation in accordance with the purchase price of shares including transaction costs.

Liabilities

1. Equity capitals (funds) are recognized in the books at their nominal value according to their types and rules prescribed by law, the Articles of Association or the Articles of Incorporation.
The authorized capital of a capital company is reported at the amount specified in the articles of association or charter and recorded in the court register. Capital contributions declared but not made are recognized as capital contributions due on the Assets side.
The supplementary capital is created from profit distributions, transfers from the revaluation reserve and the share premium less the cost of the issue. The remainder of the issue costs are included in financial expenses.
2. Provisions are made for certain or highly probable future liabilities and are measured at a reliably estimated value as of the balance sheet date. Provisions are included in other operating expenses, financial expenses, respectively, depending on the circumstances to which the future liabilities relate.
Provisions are made for the following titles:
 - losses from business transactions in progress,
 - guarantees and sureties granted,
 - The consequences of pending litigation and appeals.
3. Liabilities are valued as of the balance sheet date at the amount due, with the exception of liabilities, the settlement of which according to the contract is made by the release of financial assets other than cash or exchange for financial instruments - which are valued at fair value.

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

Exchange rate differences on liabilities denominated in foreign currencies arising as of the date of valuation and upon settlement are included, respectively: negative to financial expenses and positive to financial income. In justified cases, they are referred 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.

Consolidated Report.

The company determined the goodwill of its subsidiaries as of the date of formation of the group, July 6, 2020, in the amount of PLN 48,323,910.15. The entire amount of goodwill was allocated to the subsidiary iSRV Zrt. In accordance with regulations, this value is subject to amortization, so the Company adopted an amortization period for goodwill of 100 years. This means that in each fiscal year the amortization of goodwill will reduce the consolidated financial result by the amount of PLN 483,239.10.

5. Shareholders

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

ACTION	NUMBER OF SHARES	SHARE %	NUMBER OF VOTES	SHARE %
Bit Pyrite Ltd	38 500 000	66,24%	38 500 000	66,24%
Others	19 620 000	33,76%	19 620 000	33,76%
SUMA	58 120 000	100,00%	58 120 000	100,00%

6. Other information

a. COVID-19 impact information

COVID-19, despite the lifting of its restrictions in Europe, continues to have a significant impact on the economy, business and development.

Due to longer delivery times in international orders of essential tools and parts, the group's product development has been extended.

The COVID-19 epidemic also affected sales activities. Conference and trade show opportunities were suspended, making it difficult to present products to potential customers. Risks in sales are higher as travel restrictions make it difficult to make in-person meetings. The situation around COVID-19 has also hindered the development of Polaris IT Group SA's business in Poland. In the

coming months, it remains to be seen to what extent and how quickly the lifting of restrictions will restore the normal business environment known before the epidemic.

b. Employment information

During the period covered by the report, Polaris IT Group SA did not employ any employees under a contract of employment and still does not employ anyone under a contract of employment. All work is performed by business entities on behalf of the Company, or personally by the Board of Directors and the Proxy.

The subsidiary iSRV employed as of June 30, 2022. 18 full-time equivalent employees. The IAI subsidiary had no employees.

c. Research and development activities

The Group, through its subsidiary iSRV Zrt. , incurs research and development expenses in product and service development.

In the first half of 2022, iSRV continued to develop IT security systems, data processing and storage solutions, and improve its own online education platform. In the changed global economic environment, the Company expects the market for such products and services to grow significantly.

In March 2022, iSRV received a grant of 125 million forints (about PLN 1.56 million) to develop production capacity in SMT technology.

In addition,, iSRV is pursuing a technology development program in 3D printing, for which it received a grant in July 2021.

d. Information about the capital group

The company formed the group on July 6, 2020. Polaris IT Group SA holds 100% of the shares in Industrial Artificial Intelligence Kft. (IAI), and this company holds 100% of the shares of iSRV Zrt. (iSRV). IAI has no sales revenue-generating activities, while iSRV is currently the company in the Polaris IT Group with 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, listed joint stock companies). Financial statements are consolidated using the full method.

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

IAI owns 100% of the shares of iSRV Zrt. and has no other operations.

7. Contact details

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