

Quarterly report for the third quarter of 2022.

The period from July 1 to September 30, 2022.

Warsaw, November 14, 2022.

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1. Management Letter to Shareholders

Dear Shareholders!

We present the financial results of Polaris IT Group SA after three quarters of 2022. The Group generated sales revenues of PLN 34.9 million and net profit of PLN 7.8 million. The parent company earned revenues of PLN 7 million and net profit of PLN 10,000.

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 received a similar share of revenues. Completion of the project has been pushed back to August 2023, from the original plans (end of 2022).

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 consortiums, seeking to leverage its purchasing capabilities, business contacts in China and its own growth opportunities. In July 2022, we expanded iSRV Zrt's ability to develop unique server and communication tools by purchasing high-value licenses. We hope that the investment in both projects will increase the Company's revenue-generating potential. We expect significant progress on these two tenders once Hungary reaches an agreement on the use of EU funds.

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	Q3 2022	Q3 2021
A. FIXED ASSETS	80 086 614,18	76 521 779,41
I. Intangible assets	62 431 241,36	17 495 985,59
1. costs of completed development work	8 715 963,55	13 008 158,89
2. goodwill		
3. other intangible assets	6 469 067,56	4 487 826,70
4. advances for intangible assets	-	-
II. Goodwill of subsidiaries	47 246 210,25	47 729 449,35
1. goodwill - subsidiaries	47 246 210,25	47 729 449,35
2. goodwill - jointly controlled entities	-	-
III. Tangible fixed assets	17 655 372,82	11 296 344,47
1. fixed assets	17 655 372,82	439 277,34
2. fixed assets under construction	9 228 658,71	10 857 067,13
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	16 794 791,88	14 044 366,45
I. Stocks	9 589 735,59	3 874 060,50
1. materials	-	-
2. semi-finished products and work in progress	-	-
3. Finished products	-	-
4. goods	9 589 735,59	3 874 060,50

ASSETS	Q3 2022	Q3 2021
5. advances for supplies and services	-	-
II. Short-term receivables	7 142 451,80	9 298 118,46
1. receivables from related parties	-	-
2. receivables from other entities in which the entity has an equity interest	-	-
3. receivables from other entities	7 142 451,80	9 298 118,46
III. Short-term investments	56 331,18	541 155,01
1. short-term financial assets	56 331,18	541 155,01
2. other short-term investments	-	-
IV. Short-term prepayments and accruals	6 273,31	331 032,48
C. Payments due to share capital	-	-
D. Own shares (stocks)	-	-
TOTAL ASSETS	96 881 406,06	90 566 145,86

LIABILITIES	Q3 2022	Q3 2021
A. EQUITY (FUND)	56 834 485,61	59 319 054,01
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	(6 091 088,27)	(79 547,18)
- consolidation adjustments (technical record)	(209 480,74)	(10 848 285,95)
VII. Net profit (loss)	7 823 054,62	14 934 887,14
VII. Deductions from 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	40 046 920,45	31 247 091,85
I. Provisions for liabilities	16 566 871,37	14 480 199,04
1. deferred tax liability	16 566 871,37	14 480 199,04
2. provision for pensions and similar benefits	-	-
3. other provisions	-	-
II. Long-term liabilities	-	20 885,03
1. to related parties	-	-

LIABILITIES	Q3 2022	Q3 2021
(2) Towards other entities in which the entity has an equity interest	-	-
3. to other entities	-	20 885,03
III. Current liabilities	19 797 124,46	16 415 772,47
1. due to related parties	-	-
2 Liabilities to other entities in which the entity has an equity interest	-	-
3. due to other entities	19 797 124,46	16 415 772,47
4 Special funds	-	-
IV. Accruals and prepayments	3 682 924,62	330 235,31
1. negative goodwill	-	-
2. other accruals	3 682 924,62	330 235,31
TOTAL LIABILITIES	96 881 406,06	90 566 145,86

b. Consolidated income statement

Profit and loss account	07-09.2022	07-09.2021	01-09.2022	01-09.2021
A. Net sales and equalized revenues, including:	5 439 595,57	3 987 393,44	34 938 175,06	116 583 147,28
- from related parties not covered by the consolidation method	-	-	-	-
I. Revenue from sales of products	5 439 595,57	4 197 723,36	34 938 175,06	115 605 185,76
II. Change in the state of products	-	-	-	-
III. Costs of manufacturing products for the entity's own needs	-	(210 329,92)	-	977 961,52
IV. Net income from sales of goods and materials	-	-	-	-
B. Operating expenses	5 864 398,77	4 177 439,20	27 474 095,67	98 985 025,48
I. Depreciation	1 230 076,07	529 832,75	3 432 232,31	1 511 261,79
II. Consumption of materials and energy	32 768,36	(191 352,82)	122 915,31	604 316,20
III. Third-party services	3 452 202,03	2 535 041,53	10 852 974,48	8 241 443,03
IV. Taxes and fees, including:	44 698,85	89 218,25	131 509,97	245 965,72
- excise	-	-	-	-
V. Salaries	343 959,13	544 725,12	1 111 301,36	1 551 821,72
VI. Social security and other benefits	-	-	-	-
VII. Other costs by type	99 011,53	22 110,45	155 283,26	462 371,90

Profit and loss account	07-09.2022	07-09.2021	01-09.2022	01-09.2021
VIII. Value of goods and materials sold	661 682,80	647 863,92	11 667 878,98	86 367 845,12
C. Profit (loss) on sales (A-B)	(424 803,20)	(190 045,76)	7 464 079,39	17 598 121,80
D. Other operating income	394 248,56	38 713,89	1 139 317,15	116 506,93
I. Profit on disposal of non-financial fixed assets	-	-	-	-
II. Grants	-	-	-	-
III. Revaluation of non-financial assets	-	-	-	-
IV. Other operating income	394 248,56	38 713,89	1 139 317,15	116 506,93
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)	(30 545,64)	(151 331,87)	8 603 396,54	17 714 628,73
G. Financial income	877 086,61	(960,97)	1 365 237,95	201 989,67
I. Dividends and profit sharing	-	-	-	-
II. Interest	-	-	-	-
III. Profit on outflow of financial assets	-	-	-	-
IV. Revaluation of financial assets	-	-	-	-
V. Other	877 086,61	(960,97)	1 365 237,95	201 989,67
H. Finance costs	876 118,86	23 285,45	940 404,82	1 118 380,43
I. Interest	2 836,27	-	15 232,82	104,04
II. Loss on outflows of financial assets	-	67,76	-	4 951,94
III. Revaluation of investments	-	-	-	-
IV. Other	873 282,59	23 217,69	925 172,00	1 113 324,45
I. Profit (loss) on sale of all or part of shares of subordinates	-	-	-	-
J. Profit (loss) from business activities (F+G-H+/-I)	(29 586,89)	(175 578,29)	9 028 229,67	16 798 237,97
K. Write-down of goodwill	120 809,77	(49 901,41)	362 429,33	362 429,33
I. Write-down of goodwill - subsidiaries	120 809,77	(49 901,41)	362 429,33	362 429,33
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	07-09.2022	07-09.2021	01-09.2022	01-09.2021
M. Profit (loss) on shares in subsidiaries measured by the peacetime method	-	-	-	-
I. Gross profit (loss) (J-K+L+/-M)	(150 396,67)	(125 676,88)	8 665 800,34	16 435 808,64
J. Income tax	50 844,02	(16 921,50)	842 745,72	1 500 921,50
I. Current part	50 844,02	(16 921,50)	842 745,72	1 500 921,50
II. Deferred portion	-	-	-	-
K. Other mandatory reductions in profit (increases in loss)	-	-	-	-
L. Net profit (loss) (I-J-K)	(201 240,69)	(108 755,38)	7 823 054,62	14 934 887,14

c. Consolidated statement of changes in equity

Statement of changes in equity	07-09.2022	07-09.2021	01-09.2022	01-09.2021
I. EQUITY (FUND) AT THE BEGINNING OF THE PERIOD (BO)	56 073 457,56	59 428 422,52	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	59 428 422,52	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	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	962 268,65	(108 755,38)	(95 672,87)	52 380,83
6. profit (loss) from previous years at the beginning of the period	(6 091 088,27)	(79 547,18)	(6 091 088,27)	(79 547,18)

Statement of changes in equity	07-09.2022	07-09.2021	01-09.2022	01-09.2021
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	-	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	-	14 572 670,26	79 547,18
6.6. loss from previous years at the end of the period	14 572 670,26	-	14 572 670,26	79 547,18
6.7 Profit (loss) from previous years at the end of the period	(6 091 088,27)	(79 547,18)	(6 091 088,27)	(79 547,18)
- consolidation adjustments (technical record)	-	-	-	-
7. net result	(201 240,60)	(108 755,38)	7 823 054,62	14 934 887,14
II. EQUITY (FUND) AT THE END OF THE PERIOD (BZ)	56 834 485,61	59 319 054,01	56 834 485,61	59 319 054,01
III. EQUITY (FUND), AFTER TAKING INTO ACCOUNT THE PROPOSED DISTRIBUTION OF PROFIT (COVERAGE OF LOSS)	56 834 485,61	59 319 054,01	56 834 485,61	59 319 054,01

d. Consolidated cash flow statement

Cash flow statement	07-09.2022	07-09.2021	01-09.2022	01-09.2021
A. CASH FLOWS FROM OPERATING ACTIVITIES				
I. Net profit (loss)	(201 240,69)	(108 755,38)	7 823 054,62	14 934 887,14
II. Total adjustments	10 734 384,87	993 029,47	8 398 639,08	(8 064 473,31)
1.Minority profits (losses)	-	-	-	-
(2) Gains (losses) on shares in entities accounted for using the equity method	-	-	-	-
3. depreciation	1 230 075,97	529 832,75	3 432 232,21	1 511 261,79
4. write-downs of goodwill	120 809,78	(49 901,41)	362 429,33	362 429,33
5. write-downs of negative goodwill	-	-	-	-
6. foreign exchange gains (losses)	(6 941,70)	-	(25 704,70)	-
7. interest and profit sharing (dividends)	-	-	-	-
8. profit (loss) from investment activities	(183,32)	-	8 790,21	-
9. change in reserves	-	-	-	-
10. change in inventory	(920 189,24)	(3 317 777,29)	(7 593 552,15)	78 713 767,04

Cash flow statement	07-09.2022	07-09.2021	01-09.2022	01-09.2021
11. change in receivables	7 621 589,08	665 708,93	1 614 304,27	(3 171 100,70)
12. change in short-term liabilities, except for loans and borrowings	2 952 860,05	3 810 319,06	10 599 105,02	(85 235 685,00)
13. change in prepayments and accruals	(263 635,83)	(645 152,57)	1 034,80	(245 145,54)
14. other adjustments	0,08	-	0,09	(0,23)
III. Net cash flow from operating activities (I+II)	10 533 144,18	884 274,09	16 221 693,70	6 870 413,83
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	11 168 797,10	475 019,99	14 769 825,58	6 556 427,30
1. acquisition of intangible and tangible fixed assets	11 168 797,10	475 019,99	14 769 825,58	6 556 427,30
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)	(11 168 797,10)	(475 019,99)	(14 769 825,58)	(6 556 427,30)
C. CASH FLOWS FROM FINANCING ACTIVITIES	-	-	-	-
I. Proceeds	115,44	-	115,56	-
1. net proceeds from issuance of shares (share issues) and other equity instruments and capital contributions	-	-	-	-
2 Credits and loans	115,44	-	115,56	-
3. issuance of debt securities	-	-	-	-
4. other financial inflows	-	-	-	-
II. Expenses	(144 406,25)	-	1 787 755,62	-
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	(144 406,25)	-	1 787 755,62	-
5. redemption of debt securities	-	-	-	-
6. on account of other financial liabilities	-	-	-	-
7. payments of liabilities under finance	-	-	-	-

Cash flow statement	07-09.2022	07-09.2021	01-09.2022	01-09.2021
leases				
8 Interest	-	-	-	-
9. other financial expenses	-	-	-	-
III. Net cash flow from financing activities (I-II)	144 521,69	-	(1 787 640,06)	-
D. TOTAL NET CASH FLOWS (A.III.+B.III.+C.III)	(491 131,23)	409 254,10	(335 771,94)	313 986,53
E. BALANCE SHEET CHANGE IN CASH, INCLUDING:	(491 131,23)	409 279,18	(335 771,94)	314 011,61
F. CASH AT BEGINNING OF PERIOD	547 462,41	131 875,83	392 103,12	227 143,40
G. CASH AT THE END OF THE PERIOD (F+D)	56 331,18	541 155,01	56 331,18	541 155,01

3. Quarterly separate financial statements

a. Separate balance sheet

ASSETS	Q3 2022	Q3 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	230 716,86	265 505,95
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	213 489,00	240 201,76
1. receivables from related parties	-	-

ASSETS	Q3 2022	Q3 2021
2. receivables from other entities in which the entity has an equity interest	-	-
3. receivables from other entities	213 489,00	240 201,76
III. Short-term investments	13 716,15	22 391,05
1. short-term financial assets	13 716,15	22 391,05
2. other short-term investments	-	-
IV. Short-term prepayments and accruals	3 511,71	2 913,14
C. Payments due to share capital	-	-
D. Own shares (stocks)	-	-
TOTAL ASSETS	55 213 716,86	55 265 505,95

LIABILITIES	Q3 2022	Q3 2021
A. EQUITY (FUND)	55 195 647,63	55 254 137,33
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)	10 547,02	21 684,51
VII. Deductions from net profit during the fiscal year	-	-
B. LIABILITIES AND PROVISIONS FOR LIABILITIES	35 069,23	11 368,62
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) Towards other entities in which the entity has an equity interest	-	-
3. to other entities	-	-
III. Current liabilities	35 069,23	11 368,62
1. due to related parties	-	-
2 Liabilities to other entities in which the entity has an equity interest	-	-
3. due to other entities	35 069,23	11 368,62
4 Special funds	-	-
IV. Accruals and prepayments	-	-

LIABILITIES	Q3 2022	Q3 2021
1. negative goodwill	-	-
2. other accruals	-	-
TOTAL LIABILITIES	55 213 716,86	55 265 505,95

b. Separate income statement

Profit and loss account	Q3 2022	Q3 2021	01-09.2022	01-09.2021
A. Net sales and equalized revenues, including:	-	54 829,99	6 976 050,00	3 996 725,99
- from related parties	-	-	-	-
I. Income from sales of products	-	54 829,99	6 976 050,00	3 996 725,99
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	78 679,30	75 221,39	6 952 212,31	3 972 956,35
I. Depreciation	-	-	-	24,98
II. Consumption of materials and energy	-	-	60,00	60,00
III. Third-party services	40 047,11	29 618,94	242 962,46	138 728,18
IV. Taxes and fees, including:	7 340,46	8 070,00	7 670,65	9 138,00
- excise	-	-	-	-
V. Salaries	30 498,05	37 125,68	72 101,80	78 518,03
VI. Social security and other benefits	-	-	-	-
VII. Other costs by type	793,68	406,77	2 169,90	1 685,23
VIII. Value of goods and materials sold	-	-	6 627 247,50	3 744 801,93
C. Profit (loss) on sales (A-B)	(78 679,30)	(20 391,40)	23 837,69	23 769,64
D. Other operating income	0,26	-	1,02	984,00
I. Profit on disposal of non-financial fixed assets	-	-	-	-
II. Grants	-	-	-	-
III. Revaluation of non-financial assets	-	-	-	-
IV. Other operating income	0,24	-	1,02	984,00
E. Other operating expenses	-	-	-	-
I. Loss on disposal of non-financial fixed assets	-	-	-	-
II. Revaluation of non-financial assets	-	-	-	-

Profit and loss account	Q3 2022	Q3 2021	01-09.2022	01-09.2021
III. Other operating expenses	-	-	-	-
F. Profit (loss) from operations (C+D-E)	(78 679,06)	(20 391,40)	23 878,71	24 753,64
G. Financial income	0,07	369,60	8 617,29	2 687,93
I. Dividends and profit sharing	-	-	-	-
II. Interest	-	-	-	-
III. Profit on outflow of financial assets	-	-	-	-
IV. Revaluation of financial assets	-	-	-	-
V. Other	0,07	369,60	8 617,29	2 687,93
H. Finance costs	418,90	21,46	1 129,98	3 700,06
I. Interest	(17,00)	-	-	104,04
II. Loss on outflows of financial assets	-	-	-	-
III. Revaluation of investments	-	-	-	-
IV. Other	435,90	21,46	1 129,98	3 596,02
I. Gross profit (loss) (F+G-H)	(79 097,89)	(20 043,26)	31 326,02	23 741,51
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)	(79 097,89)	(20 043,26)	10 547,02	21 684,51

c. Separate statement of changes in equity

Statement of changes in equity	Q3 2022	Q3 2021	01-09.2022	01-09.2021
I. EQUITY (FUND) AT THE BEGINNING OF THE PERIOD (BO)	55 274 745,52	55 274 180,59	55 185 100,61	55 232 452,82
I.a. Equity (fund) at the beginning of the period (BO) after adjustments	55 274 745,52	55 274 180,59	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	-	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
2.1 Changes in supplementary capital (fund)	49 500 000,00	-	49 500 000,00	-
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

Statement of changes in equity	Q3 2022	Q3 2021	01-09.2022	01-09.2021
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,	126 899,36	79 547,18	126 899,36	79 547,18
5.5 Loss from previous years at the beginning of the period, as adjusted	126 899,36	79 547,18	126 899,36	79 547,18
5.6. loss from previous years at the end of the period	126 899,36	79 547,18	126 899,36	79 547,18
5.7 Profit (loss) from previous years at the end of the period	(126 899,36)	(79 547,18)	(126 899,36)	(79 547,18)
6. net result	(79 097,89)	(20 043,26)	10 547,02	21 684,51
II. EQUITY (FUND) AT THE END OF THE PERIOD (BZ)	55 195 647,63	55 254 137,33	55 195 647,63	55 254 137,33
III. EQUITY (FUND), AFTER TAKING INTO ACCOUNT THE PROPOSED DISTRIBUTION OF PROFIT (COVERAGE OF LOSS)	55 195 647,63	55 254 137,33	55 195 647,63	55 254 137,33

d. Separate cash flow statement

Cash flow statement	Q3 2022	Q3 2021	01-09.2022	01-09.2021
A. CASH FLOWS FROM OPERATING ACTIVITIES				
I. Net profit (loss)	(79 097,89)	(20 043,26)	10 547,02	21 684,51

Cash flow statement	Q3 2022	Q3 2021	01-09.2022	01-09.2021
II. Total adjustments	(4 910,36)	4 568,69	(36 158,02)	(65 209,53)
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	(7 061,12)	(7 782,08)	(67 189,44)	(53 004,78)
8. change in short-term liabilities, except for loans and borrowings	(213,89)	10 455,88	34 056,26	(9 781,62)
9. change in prepayments and accruals	2 364,65	1 894,89	(3 024,84)	(2 448,11)
10. other adjustments	-	-	-	-
III. Net cash flow from operating activities (I+II)	(84 008,25)	(15 474,57)	(25 611,00)	(43 525,02)
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	Q3 2022	Q3 2021	01-09.2022	01-09.2021
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)	(84 008,25)	(15 474,57)	(25 611,00)	(43 525,02)
E. BALANCE SHEET CHANGE IN CASH, INCLUDING:	(84 008,25)	(15 474,57)	(25 611,00)	(43 525,02)
F. CASH AT BEGINNING OF PERIOD	97 724,70	37 865,62	39 327,15	65 916,07
G. CASH AT THE END OF THE PERIOD (F+D)	13 716,15	22 391,05	13 716,15	22 391,05

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 the 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 results are 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, in accordance with the principle of prudence (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 and 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 recorded 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 the 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

Despite the lifting of COVID-19 restrictions in Europe, their effects continue 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.

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 September 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 third quarter of 2022, iSRV continued to develop IT security systems, data processing and storage solutions, and improve its own online education platform.

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 incorporated 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 activities.

7. Contact details

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