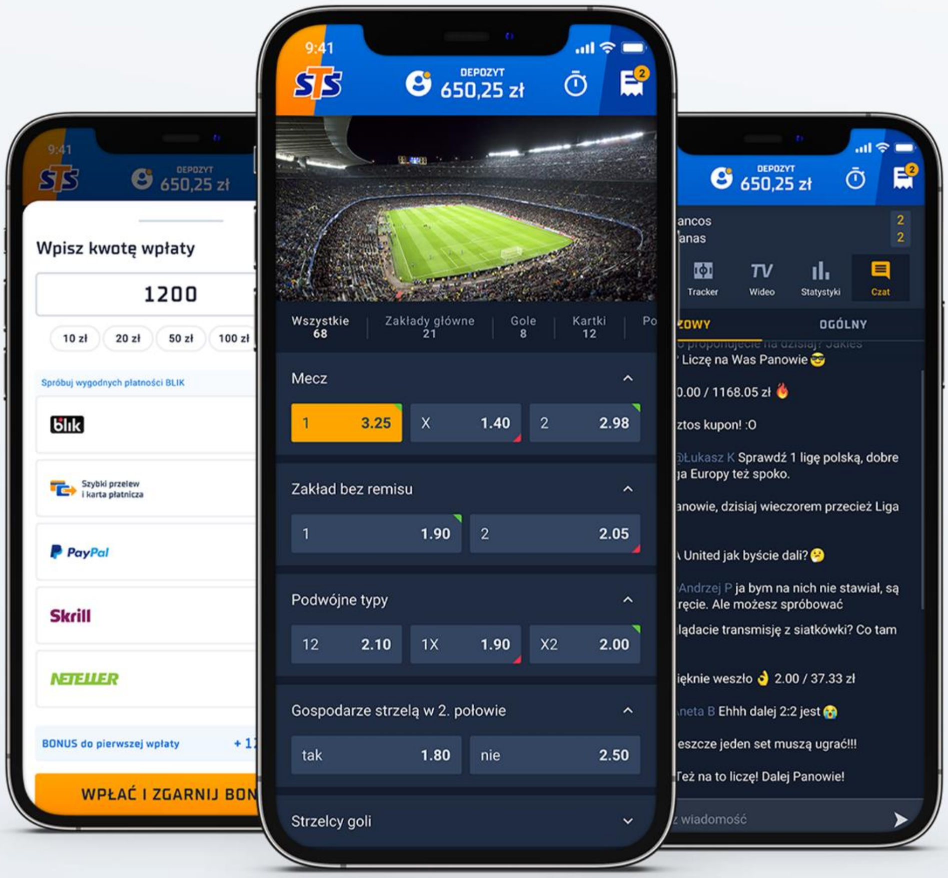
STS HOLDING

Standalone financial statements
STS Holding Spółka Akcyjna

for the period from March 10, 2021 to December 31, 2021

Prepared according to the International Financial Reporting Standards approved by the European Union.

Katowice, April 27, 2022



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I. General information

Selected financial data converted into EUR

	PLN	EUR
Selected financial data converted into EUR	10.03.2021-31.12.2021	10.03.2021-31.12.2021
Dividend revenue	67,454,044	14,736,001
Cost of the activity	9,357,870	2,044,319
Profit/(loss) on operating activities	58,096,174	12,691,682
Profit/(Loss) before Tax	58,096,105	12,691,667
Net cash flow from operating activities	-3,364,197	-734,942
Net cash flow from investment activity	67,242,678	14,689,826
Net cash flows from financial activities	239,262	52,269
Total net cash flows	64,117,743	14,007,153
Number of shares in thousands	156,389,998	-
Profit/(loss) per share (in PLN/EUR)	0.44	0.0957
Diluted profit/(loss) per share (in PLN/EUR)	0.44	0.0957
Book value per share (in PLN/EUR)	19.5453	4.2495
Diluted book value per share (in PLN/EUR)	19.5453	4.2495
Declared or paid dividend per share (in PLN/EUR)	-	-
Total assets	3,059,146,281	665,118,555
Liabilities and provisions for liabilities (excluding accruals)	2,449,948	532,667
Non-current liabilities	14,400	3,131
Current liabilities	2,435,548	529,536
Equity	3,056,696,333	664,585,888
Share capital	156,389,998	34,002,261

(all figures are presented in PLN, unless otherwise stated)

The above financial data have been converted into EUR according to the following principles:

- The items of the separate profit and loss account and the separate cash flows statement have been converted at the exchange rate being the arithmetic mean of the EUR average exchange rates announced by the National Bank of Poland, valid on the last day of each month in a given reporting period. The rate for the period from March 10, 2021 to December 31, 2021 was 4.5775 PLN/EUR.
- The items of assets and liabilities of the separate statement of financial position have been converted at the EUR exchange rate announced by the National Bank of Poland, applicable on the last day of the reporting period. As on December 31, 2021, the exchange rate was 4.5994 PLN/EUR.

I. Details of the Parent Entity

Name:	STS Holding S.A.
Legal form:	spółka akcyjna [joint-stock company]
Registered office:	Katowice, ul. Porcelanowa 8
Country of registration:	Poland
KRS (National Court Register Number):	0000898108
Body keeping the register:	District Court for Katowice - Wschód in Katowice, 8th Commercial Division of the National Court Register
REGON (Polish Business Registry Number):	388903879
NIP (Tax Identification Number):	527-29-56-761

The company STS Holding SA was established on March 10, 2021 by Vistra Shelf Companies sp. z o.o., , under the business name of Vartomil Investments Spółka Akcyjna (hereinafter: Vartomil Investments S.A.). The company was based in Warsaw, ul. Towarowa 28, and was entered in the Register of Enterprises kept by the District Court for the Capital City of Warsaw in Warsaw, 13th Commercial Division of the National Court Register under KRS number: 0000898108.

The subject of the Company's activity is any profit-oriented economic activity conducted on its own account and as an agent, in particular activities of head office and holding companies, excluding financial holding companies, as specified in PKD 70.10.Z. [Polish Classification of Activities].

On June 10, 2021, the company's shares were acquired by the following companies: Betplay Capital sp. z o.o. (former: Betplay International sp. z o.o.), Juroszek Holding sp. z o.o. (former: Juroszek Investments sp. z o.o.) and MJ Investments sp. z o.o.

By a resolution of the Extraordinary General Meeting of Vartomil Investments Spółka Akcyjna of August 31, 2021, it was decided that the Company should apply for admission and introduction to trading on the regulated market operated by the Stock Exchange of all shares issued by the Company, i.e. a total of 100,000 series A registered shares with a nominal value of PLN 1.00 each, and all shares of the company that will be issued and registered by the registration court competent for the company's seat between the date of adoption of the resolution and the date of approval of the Company's Offering Memorandum drawn up in connection with the Public Offering by the Polish Financial Supervision Authority, in particular in connection with contributing shares in STS S.A. to the Company, which become bearer shares at the moment of changing the company's Articles of Association.

On September 10, 2021, the Extraordinary General Meeting of the company adopted Resolution No. 3 on increasing the Company's share capital by issuing series B shares for the existing shareholders of the Company. The share capital of the Company was increased by PLN 156,149,998.00 through the issue of 156,149,998 series B shares with a nominal value of PLN 1.00 per share and an issue price of PLN 19.1767091322446 per share. All shares were offered for subscription pursuant to Art. 431 para. 2 point 1 of the Commercial Companies Code, by way of a private subscription by the existing shareholders of STS Holding S.A. holding the company's shares as at the subscription rights date, in exchange for an in-kind contribution in the form of 112,150,000 series A and B registered shares of STS Spółka Akcyjna with its registered office in Katowice. The total value of the in-kind contribution was PLN 2,994,443,131.00.

On October 21, 2021, the Extraordinary General Meeting of STS Holding S.A. adopted Resolution no. 5 on increasing the Company's share capital by way of issuing series C shares, depriving the existing shareholders of the company of all pre-emptive rights and registering the Company's shares in the depository of securities kept by the National Depository for Securities and applying for admission and introduction of series C shares to trading on the regulated market kept by the Warsaw Stock Exchange. The Company's share capital was increased by PLN 140,000.00 through the issue of 140,000 series C ordinary registered shares. The shares were acquired by Mr. Zdzisław Kostrubała (member of the Company's Management Board) in the number of 70,000 shares, in exchange for a cash contribution of PLN 70,000.00, and Mr. Marcin Walczysko (member of the Company's Management Board) in the number of 70,000 shares, in exchange for a cash contribution of PLN 70,000.00. In accordance with the resolution No. 5 of the Extraordinary General Meeting of STS Holding S.A., new series C shares are converted into bearer shares on the day of introducing series A shares and series B shares of the Company to trading on the regulated market operated by the Warsaw Stock Exchange. The company was listed on the regulated market on December 10, 2021.

The ultimate parent of the company is Mr. Mateusz Juroszek.

II. Duration of the company

STS Holding S.A. was established for an indefinite period.

III. Periods presented

The financial statements of STS Holding S.A. contain data for the period from March 10, 2021 to December 31, 2021 Due to the fact that the company was established on March 10, 2021, no comparative data is presented in this report.

(all figures are presented in PLN, unless otherwise stated)

IV. Subsidiaries

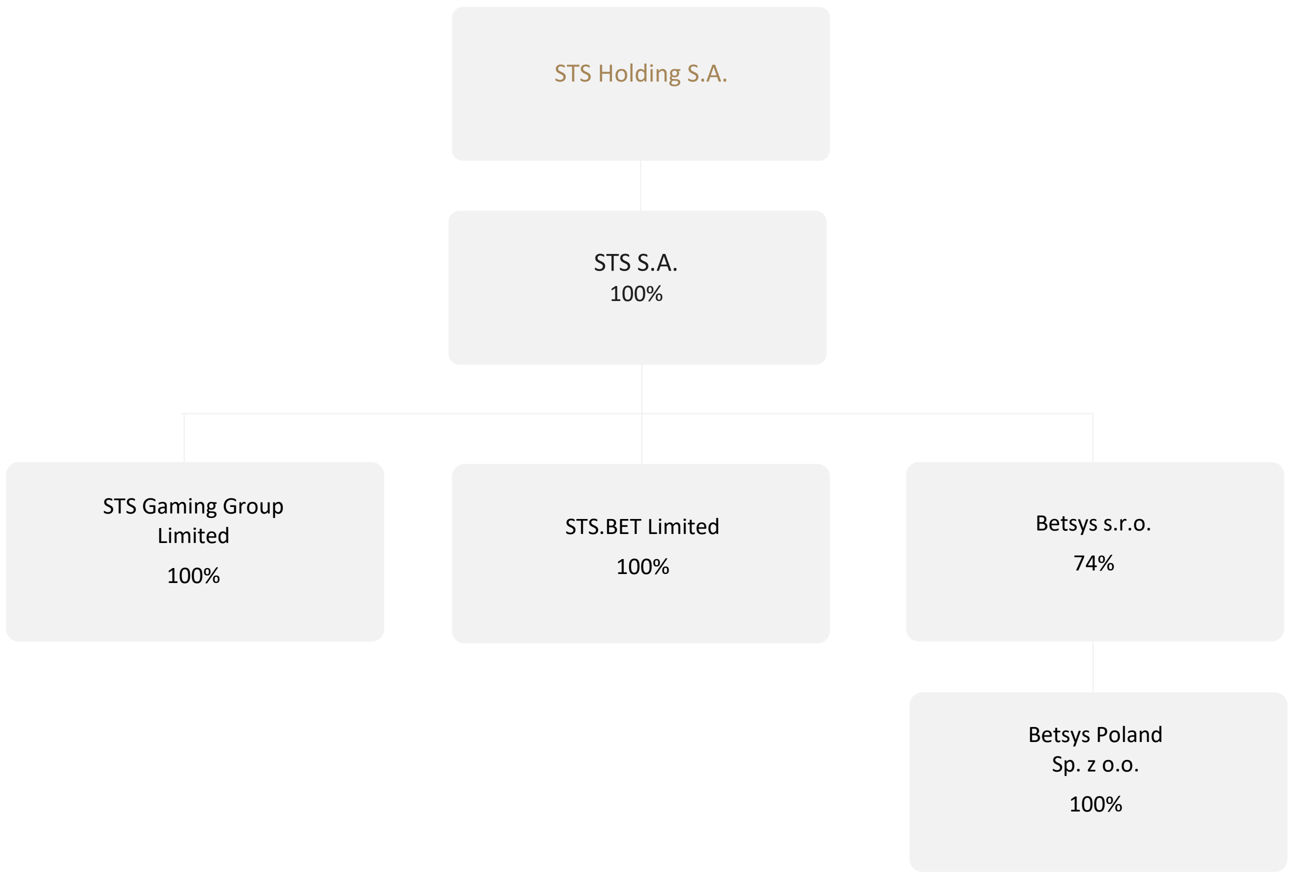
STS Holding S.A. holds direct shares in STS S.A. and indirect shares in the following companies: STS Gaming Group Limited, STS.BET Limited, Betsys s.r.o. and Betsys Poland spółka z ograniczoną odpowiedzialnością.

Name	Registered address	Registration data	Scope of business operations	Share capital	Percentage share in capital	Percentage share in voting rights
STS Spółka Akcyjna	Katowice, ul. Porcelanowa 8	National Court Register: 0000829716	Betting	PLN 4,486,000	100%	100%
STS Gaming Group Limited	Malta, Pieta, 177/179 Triq Marina	C 68747	Bookmaker service provider	EUR 10,532,631	100%	100%
STS BET Limited	Malta, Pieta, 177/179 Triq Marina	C 68747	Betting	EUR 3,716,097	100%	100%
BetSys s. r. o.	Czech Republic, Prague, Karlin, Karolinska 650/1	ICO: 26499606	Programming services	33,540	74%	74%
Betsys Poland sp. z o.o.	Katowice, ul. Porcelanowa 8	National Court Register: 0000693519	Programming services	PLN 5,000	74%	74%

The date of acquisition of shares in STS Gaming Group Ltd. by STS S.A. is August 24, 2020. The date of acquisition of shares in Betsys s.r.o. and Betsys Poland sp. z o.o. by STS S.A. is August 31, 2020.

The date of acquisition of shares in STS BET Ltd. by STS S.A. is July 14, 2021.

V. Graphical presentation of the Group of Companies



VI. Composition of the Company's bodies

As on December 31, 2021 and as on the date of preparation of these financial statements, the Management Board of the Company is composed as follows:

Marcin Sylwester Walczysko
Member of the Management Board

Mateusz Zbigniew Juroszek
President of the Management Board

Zdzisław Jan Kostrubała
Member of the Management Board

From the date of establishing the Company, i.e. March 10, 2021 until June 8, 2021, Mr. Christian Guy Gaunt was included in the composition of the management body.

By a resolution of the Supervisory Board of June 8, 2021, Mr. Christian Guy Gaunt was recalled and the following persons were appointed for the composition of the Management Board:

1. Mateusz Juroszek - President of the Management Board
2. Zdzisław Kostrubała – Member of the Management Board,
3. Marcin Walczysko – Member of the Management Board

As on December 31, 2021 and as on the date of preparation of these financial statements, the Supervisory Board of the Company is composed as follows:

Maciej Fijak
Chairman of the Supervisory Board

Zbigniew Eugeniusz Juroszek
Vice-Chairman of the Supervisory Board, Member of the Audit Committee

Milena Olszewska-Miszuris
Member of the Supervisory Board, Chairman of the Audit Committee;

Elżbieta Spyra
Member of the Supervisory Board, Member of the Audit Committee

Krzysztof Krawczyk
Member of the Supervisory Board

From the date of establishing the Company, i.e. from March 10, 2021 until June 8, 2021, the composition of the Supervisory Board was as follows:

1. Mr. Kenneth Anthony Morgan
2. Ms. Anna Magdalena Poliszkiewicz
3. Mr. Alwyn Jacobus De Lange

By the resolution of the General Meeting of June 8, 2021, the existing members of the Supervisory Board were recalled and in their place the following members were appointed:

1. Mr. Zbigniew Juroszek
2. Ms. Urszula Juroszek
3. Mr. Mateusz Bromboszcz

By the resolution of the General Meeting of August 10, 2021, Ms. Urszula Juroszek was recalled from the position of a Supervisory Board Member and Mr. Maciej Fijak was appointed in her place.

By the resolution of the General Meeting of August 31, 2021, Mr. Mateusz Bromboszcz was recalled from the position of a Supervisory Board member and the following persons were appointed as members of the Supervisory Board:

1. Ms. Elżbieta Spyra
2. Ms. Milena Olszewska-Miszuris
3. Mr. Krzysztof Krawczyk

VII. An auditing company authorized to audit financial statements

The entity conducting the audit of the financial statements for the period ended December 31, 2021 was Grant Thornton Polska Sp. z o. o. Sp.k., ul. Abpa Antoniego Baraniaka 88 E, 61-131 Poznań, entered on the list of auditing companies kept by the National Council of Statutory Auditors with number 4055.

VIII. Lawyers cooperating with the COMPANY

- Ciołek Kancelaria Prawna – ul. Juliusza Lea 210C/1, 30-133 Krakow,
- Modzelewska & Paśnik - ul. Wiejska 17/5, 00-480 Warsaw,
- Kancelaria Radcy Prawnego Michał Chojnacki – ul. Matejki 6a, 40-077 Katowice,
- White & Case - al. Jana Pawła II 22, 00-133 Warsaw,

IX. Banks cooperating with the COMPANY

As on the balance sheet date, the company STS Holding S.A. cooperates with mBank S.A. - ul. Senatorska 18, 00-950 Warsaw. In 2022, the Company started cooperation with Bank Millenium S.A.

X. Functional and presentational currency

The items included in the separate financial statements are measured in the currency of the primary economic environment in which the Company operates (functional currency). The separate financial statements are presented in Polish zlotys (PLN), which is the functional and presentation currency of the Company.

Transactions expressed in foreign currencies are converted into the functional currency at the exchange rate applicable on the transaction date. Exchange gains and losses from the settlement of these transactions and the balance sheet valuation of monetary assets and liabilities expressed in foreign currencies are recognized in the Statement of Comprehensive Income.

XI. Going concern assumption

These financial statements have been prepared on the assumption that the Company will continue as a going concern in the foreseeable futures, i.e. in the period of at least 12 months after the balance sheet date.

As at the date of signing these financial statements, the Management Board of the Company does not identify any facts or circumstances that would indicate a threat to the possibility to continue as a going concern over the period of 12 months after the end of the reporting period as a result of an intended or forced discontinuation or material curtailment of current activities.

Until the date of preparation of these financial statements for the period from March 10 to December 31, 2021, the Management Board of the Company has not learned about any events that have been not included, but should have been, in the accounting records of the reporting period. At the same time, these financial statements do not include any material events relating to previous years.

XII. Declaration of the Management Board

The Management Board of the Company declares that, to the best of its knowledge, these financial statements have been prepared in accordance with the accounting principles applicable to the Company and they give a true, clear and fair view of the property and financial position of the Company and its financial result.

These financial statements have been prepared in accordance with the International Financial Reporting Standards as adopted by the European Union and approved by the Company's Management Board.

XI. Approval of the Financial Statements for publication

These financial statements were approved for publication by the Management Board of the Company on April 27, 2022.

II. Statement of comprehensive income

(all figures are presented in PLN, unless otherwise stated)

Specification	Note	10.03.2021 – 31.12.2021
Revenue	1	
Revenue from holding activities	1	67 454 044
- dividend revenue		67 454 044
- revenue from sales of services		-
Revenue from operating activities		-
- revenue from sales of services		-
Other operating revenue	4	1
Amortization and depreciation	3	695
Consumption of materials and energy	3	132
External services	3	5 722 734
Taxes and charges	3	270
Employee benefits	3	3 627 274
Other costs by type	3	6 765
Value of goods and materials sold	3	-
Other operating expenses	4	-
Profit (loss) on operating activities		**58 096 175**
Financial revenues	5	62
Financial expenses	5	132
Profit (loss) before tax		**58 096 105**
Income tax	6	5
Net profit (loss) from continuing operations		58 096 100
Other total income		**-**
Items not transferred to profit and loss		-
Items transferred to profit or loss		-
Comprehensive income		58 096 100
Profit (loss) per share (in PLN)		
Basic for the financial period	7	
From continuing operations	7	0.44
From discontinued operations		-
Diluted for the financial period	7	
From continuing operations	7	0.44
From discontinued operations		-
Weighted average number of ordinary shares		130,828,416
Weighted average diluted number of ordinary shares		130,828,416

III. Statement of financial position

(all figures are presented in PLN, unless otherwise stated)

ASSETS	Note	31.12.2021
Non-current assets		**2,995,028,437**
Intangible assets	9	249,180
Right-of-use assets	8	17,017
Deferred tax assets	6	7
Other financial assets	10	2,994,762,233
Current Assets		**64,117,844**
Short-term prepayments and accruals	11	101
Cash and cash equivalents	12	64,117,743
TOTAL ASSETS		3 059 146,281
Equity		**3,056,696,333**
Share capital	13	156,389,998
Surplus of the issue price above the nominal value of shares		2,838,293,133
Other capitals		3,917,102
Retained earnings		58,096,100
Long-term liabilities		**14,400**
Right-of-use liabilities	15	14,400
Current Liabilities		**2,435,548**
Right-of-use liabilities	15	2,656
Trade liabilities	16	2,237,385
Current income tax liabilities	18	12
Other liabilities	18	89,149
Provisions for pensions and similar benefits	19	566
Other provisions	20	105,780
TOTAL LIABILITIES AND EQUITY		3 059 146,281

IV. Statement of changes in equity

(all figures are presented in PLN, unless otherwise stated)

Specification	Share capital	Surplus of the issue price above the nominal value of shares	Other capitals	Retained earnings from previous years	Financial result for the current period	Total equity
Equity as on Mar 10, 2021	**-**	**-**	**-**	**-**	**-**	**-**
Changes in accounting principles (policy)	-	-	-	-	-	-
Equity after adjustments	**-**	**-**	**-**	**-**	**-**	**-**
Increase in share capital	156,389,998	2,838,293,133	-	-	-	2,994,683,131
Incentive program	-	-	3,917,102	-	-	3,917,102
Net profit/loss for the accounting year	-	-	-	-	58,096,100	58,096,100
Equity as on Dec 31, 2021	**156,389,998**	**2,838,293,133**	**3,917,102**	**-**	**58,096,100**	**3,056,696,333**

V. Cash flow statement

(all figures are presented in PLN, unless otherwise stated)

Specification	10.03.2021 – 31.12.2021
OPERATING ACTIVITIES	
Profit (loss) before tax	58,096,105
Total adjustments	-61,460,302
Amortization and depreciation	695
Interest and profit sharing (dividend)	-67,454,024
Change in provisions	106,478
Change in short-term liabilities, excluding credits and loans	2,288,782
Change in payments and accruals	-233
Other adjustments	3,598,000
Total: Cash from operating activities	-3,364,197
A. Net cash flow from operating activities	-3,364,197
INVESTMENT ACTIVITIES	
Inflows	67,549,106
Dividends received	67,454,044
Interests	62
Repayment of long-term loans granted	95,000
Outflows	-306,428
Purchase of intangible assets and tangible fixed assets	-211,428
Expenses of financial assets	-95,000
B. Net cash flows from investment activities	67,242,678
FINANCIAL ACTIVITIES	
Inflows	240,000
Net inflow from insurance of shares and other equality instruments and contributions to capital	240,000

Outflows	-738
Payment of liabilities arising from financial leases	-656
Interests	-82
C. Net cash flows from financial activities	239,262
D. Total net cash flows (A+B+C)	64,117,743
E. Currency exchange gains/(losses)	-
F. Cash opening balance	-
G. Cash at the end of the period (F + D), including:	64,117,743
- of limited disposability	-
Balance sheet change in cash, including:	64,117,743

The "other adjustments" item shows the valuation of the incentive program recognized as employee benefit costs.

01.

The basis for the preparation of the financial statements

I. Declaration of compliance

These financial statements have been prepared in accordance with the International Financial Reporting Standards and interpretations issued by the International Accounting Standards Board approved by the European Union, under the Regulation on IFRS (European Commission 1606/2002), hereinafter referred to as "EU IFRS".

These financial statements are separate financial statements within the meaning of IAS 27.

These financial statements have been prepared for the period from March 10, 2021 to December 31, 2021.

The Company's financial year is a full calendar year.

Due to the fact that the Company was established on March 10, 2021, this is its first financial statement.

II. Basis of valuation

These financial statements have been prepared on the basis of the historical cost principle, except for the assets of defined benefit pension programs and the incentive program, which are measured at fair value.

These financial statements have been prepared on the assumption that the Company will continue as a going concern in the foreseeable future.

III. Summary of material accounting policies

Presentation of the statement of financial position

In accordance with IAS 1 "Presentation of Financial Statements", assets and liabilities are presented in the statement of financial position as current and long-term assets.

Presentation of the statement of comprehensive income

In accordance with IAS 1 "Presentation of Financial Statements", costs are presented by type in the statement of comprehensive income.

Earnings per share

Basic net earnings per share for each period is determined as the quotient of the net profit for a given period and the weighted average number of shares outstanding in that period, and includes additional issues of shares registered in the National Court Register after the balance sheet date.

IV. Functional and presentation currency

The data in the financial statements are presented in Polish zlotys, rounded to full zlotys. The Polish zloty is the functional currency of the Company.

V. Judgments and estimations made

The preparation of the financial statements in accordance with IFRS EU requires the Management Board of the Company to make judgments, estimations and assumptions affecting the application of the adopted accounting principles and the presented values of assets, liabilities, revenues and costs, the actual values of which may differ from the estimated value.

The estimates and related assumptions are verified on an ongoing basis. Changes in accounting estimates are recognized in the period in which the estimate was changed or in the current and future periods if the estimate change is made both in the current and future periods.

In particular, material areas of uncertainty as to the estimates and the judgments made using the accounting principles that had the most significant effect on the amounts recognized in these financial statements are presented in the following notes:

- Note 6 - Income tax and deferred income tax
- Note 8 - Right-of-use assets
- Note 10 - Other financial assets
- Note 15 - Right-of-use liabilities
- Note 19 and 20 - Provisions
- Note 21 - Financial instruments
- Note 24 - Share-based payments

Impairment of non-financial fixed assets

As on each balance sheet date, the Company reviews the net value of fixed assets in order to determine whether there are any indications for the possibility of their impairment. If any such indications are found, the recoverable amount of a given asset is estimated in order to establish a potential write-down in that respect. In the event that an asset does not generate cash flows that are largely independent of the cash flows generated by other assets, the analysis is performed for the group of cash flow generating assets to which the asset belongs. With regard to intangible assets with an indefinite useful life, an impairment test is carried out annually and additionally when there are indications for a possible impairment. The recoverable amount is determined as the higher of the two values: fair value less selling costs or value in use. The latter corresponds to the present value of the estimated future cash flows discounted using a discount rate taking into account the current market time value of money and the risk specific to a given asset. If the recoverable amount is lower than the net book value of the asset (or group of assets), the book value is reduced to the recoverable amount. Impairment loss is recognized as the cost in the period in which it occurred, except for situations in which the asset is recognized at the revaluated amount (impairment loss is then treated as a decrease in the previous revaluation). When the impairment is subsequently reversed, the net value of the asset (or group of assets) is increased to the new estimated recoverable amount, however, it cannot exceed the net value of this asset that would have been determined if the impairment had not been recognized in previous years. The reversal of the impairment is recognized in revenue.

Valuation of provisions

Provisions are made at the amount representing the most reliable estimate of the expenditure required to fulfill the present obligation at the end of the reporting period.

Provisions for retirement benefits and the costs of unused leaves were estimated on the basis of the available personnel and financial and accounting information. Provisions for the costs of unused leaves are calculated at the end of the financial year on the basis of the actual number of days of unused leaves in the current period and increased by the number of days of unused leaves from previous periods. The number of days obtained in this way is multiplied by the average remuneration for individual employees. Provisions for unused holidays are calculated at the end of each year, i.e. the adjustment of the provisions for actually incurred costs of used leaves is made at the end of each year.

Deferred tax assets

Deferred tax assets are established for negative timing differences, or outstanding tax losses or unused tax credits that can be carried forward. Deferred tax assets are recognized only when it is probable that a taxable profit that will make it possible to realize them will be available in future periods. The fulfilment of this condition is verified at each reporting period end date.

Fair value of financial instruments

The fair value of financial instruments for which there is no active market shall be estimated using appropriate valuation techniques. When selecting the appropriate methods and assumptions, the Company uses professional judgment.

Depreciation rates

Depreciation rates are established based on the expected economic utility period of tangible fixed assets, the right to use assets and intangible assets. Every year, the Company verifies the adopted useful lives based on current estimates.

Materiality

Information is material if it can reasonably be expected that its omission, misstatement or non-transparency could influence the decisions of key users of the financial statements made on the basis of such statements.

Materiality depends on the nature or size of the information, or both. When preparing the financial statements, the Company assesses whether the information by itself or in combination with other information is material in the context of the financial statements as a whole.

The items treated as material by the Company, that is those that require additional explanations in the financial statements, are the items whose value exceeds 0.1% of the balance sheet total.

VI. Application of new standards, amendments to standards or interpretations

The EU IFRS include standards and interpretations accepted by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC) and approved for use within the EU.

New standards and amendments to existing standards that have already been published by the IASB but are not yet effective

(all figures are presented in PLN, unless otherwise stated)

Listed below are standards and interpretations that have been published by the International Accounting Standards Board but are not yet effective. According to the assessment of the Company's Management Board, they would not have had a material impact on the financial statements, if they had been applied by the Company as on the balance sheet date.

Standard/Interpretation	Effective date	Description of amendments to the standard / interpretation
New IFRS 17 "Insurance Contracts"	annual periods beginning on January 1, 2023 standard not approved by the European Commission	This new standard regulates the recognition, measurement, presentation and disclosures related to insurance and reinsurance contracts. This standard replaces the current IFRS 4. In 2020, changes to the standard were published.
Amendment to IFRS 4 "Insurance Contracts"	The amendment applies to annual periods commencing on or after January 1, 2023.	Extension of the exemption from the application of IFRS 9 until 2023.
Amendment to IAS 1 "Presentation of financial statements"	annual periods beginning on January 1, 2023 amendments not approved by the European Commission	The IASB clarified the rules for classification of liabilities into current or non-current liabilities, especially in two aspects: - it was clarified that the classification depends on the rights held by the entity as at the balance sheet date, - the management's intentions to accelerate or delay payment of a liability are not taken into account.
Amendments to IFRS 1, IFRS 9, examples for IFRS 16, IAS 41	annual periods beginning on January 1, 2022 amendments not approved by the European Commission	Annual Improvements 2018 – 2020: IFRS 1: additional exemption with respect to determination of exchange differences due to consolidation; IFRS 9: (1) in the 10% test performed to determine whether a modification should result in removal of a liability, only fees exchanged between the debtor and the creditor should be taken into account; (2) it was clarified that fees incurred are recognized in profit or loss if the liability is removed, and in the value of the liability if it is not removed; IFRS 16: the issue of lessor's incentive in the form of assumption of fit-out costs incurred by the lessee was removed from example 13, IAS 41: the prohibition to recognize tax flows in measurement of biological assets was deleted.
Amendment to IAS 16 "Tangible fixed assets"	annual periods beginning on January 1, 2022 amendments not approved by the European Commission	It was clarified that production carried out as part of pre-use testing of a tangible asset should be recognized as inventory, in accordance with IAS 2, and revenue, when the asset is sold.
Amendment to IAS 37 "Provisions, contingent liabilities and contingent assets"	annual periods beginning on January 1, 2022 amendments not approved by the European Commission	It was clarified that contract fulfillment costs that are part of the valuation of onerous contracts include incremental costs (e.g. labor costs) and an allocated part of other costs directly related to the cost of fulfilment, e.g. depreciation and amortization.
Amendment to IFRS 3 "Business combinations"	annual periods beginning on January 1, 2022 amendments not approved by the European Commission	References to definitions of liabilities found in the framework and to the definition of contingent liabilities found in IAS 37 were clarified.
Amendment to IAS 1 "Presentation of financial statements"	annual periods beginning on January 1, 2023 amendments not approved by the European Commission	The IASB clarified which disclosures concerning the accounting policies used by the entity are material and must be presented in financial statements. The rules focus on adapting disclosures to individual circumstances of the entity. The Board warns against the use of standardized provisions copied from the IFRS and expects the basis on which financial instruments are measured to be a material disclosure.

(all figures are presented in PLN, unless otherwise stated)

Standard/Interpretation	Effective date	Description of amendments to the standard / interpretation
Amendment to IAS 8 "Accounting policies, changes in accounting estimates and errors"	annual periods beginning on January 1, 2023 amendments not approved by the European Commission	The Board introduced a definition of accounting estimates: Accounting estimates are monetary amounts in financial statements that are subject to measurement uncertainty.
Amendment to IFRS 16 "Leases"	annual periods beginning on April 1, 2021 (with early application for reports not approved for publication until March 31, 2021) amendments not approved by the European Commission	In 2020, the Board published simplifications for the lessees who are granted reliefs due to the COVID-19 pandemic. One of the conditions was that the reliefs would apply only to payments maturing by the end of June 2021. Now, this date has been postponed to June 2022.
Amendment to IAS 12 "Income tax"	annual periods beginning on January 1, 2023 amendments not approved by the European Commission	The Board introduced a rule stating that if a transaction results in both deductible and taxable temporary differences in the same amount, deferred tax assets and liabilities should be recognized even if the transaction does not arise from a business combination and does not affect accounting profit or loss or taxable profit or loss. This means that it is necessary to recognize deferred tax assets and liabilities e.g. when temporary differences of equal amounts occur in leasing (separate temporary difference on liability and on the right of use) or in case of restoration liabilities. The rule which states that deferred tax assets and liabilities are offset if current tax assets and liabilities are offset remained unchanged.

The dates of entry into force are those resulting from the standards announced by the International Accounting Standards Board. The dates of application of the standards in the European Union may differ from the dates of application resulting from the provisions of the standards and are announced upon their approval for application by the European Union.

According to the Company's assessment, the aforementioned new standards have no material effect on these financial statements, and the amendments to the existing standards would not have had a material effect on these financial statements had they been applied by the Company on the balance sheet date.

VII. Information concerning operating segments, geographical areas and key customers

The company does not conduct operating activities, therefore it does not identify operating segments in its activities.

In the period from March 10 to December 31, 2021, the Company conducted only holding activities in relation to the company STS S.A. and as part of this activity it only obtained dividend revenue in the amount of PLN 67,454,043.94.

02.

Description of major accounting principles applied

The accounting principles (policy) presented below are applied to the period presented in these financial statements.

I. Investments in the subordinated units

As on the date of arising, investments in subsidiaries are measured at cost. As on the balance sheet date, investments in subordinated entities are valued according to the purchase price adjusted by write-downs due to impairment loss.

II. Equity

Equity is recognized in the accounting books broken down into types and in accordance with the principles set out in the provisions of law and the provisions of the Company's Articles of Association.

Share capital is shown at the nominal value, in the amount consistent with the Company's Articles of Association and the entry in the court register.

Reserve capital is created from the generated profits.

Reserve capital from the sale of shares above their nominal value is created from the surplus of the issue price of shares above their nominal value, less the issue costs.

The valuation of the incentive program is presented in the Other capital item.

III. Transactions in foreign currency

Transactions denominated in currencies other than the functional currency are translated into the functional currency using the exchange rate applicable on the transaction date (spot rate).

As at the balance sheet date, monetary items expressed in currencies other than the functional currency are translated into the functional currency using the exchange rate applicable at the end of the reporting period, i.e. the average exchange rate established for a given currency by the National Bank of Poland.

Non-cash items recognized at historical cost denominated in a foreign currency are recognized at the historical exchange rate as on the transaction date.

Non-cash items recorded at fair value, expressed in a foreign currency, are measured at the exchange rate on the date of establishing the fair value, i.e. the average exchange rate established for a given currency by the National Bank of Poland.

Exchange differences arising from the settlement of transactions or the translation of monetary items other than derivative instruments are recognized respectively in the item of financial revenue or expenses in the net amount, except for exchange differences capitalized in the value of assets in cases specified in the accounting principles.

Exchange differences from the valuation of derivative instruments denominated in a foreign currency are recognized in the financial result.

IV. Financial assets

Classification of financial assets

Financial assets are classified into the following categories:

- measured at amortized cost
- measured at fair value through profit or loss,
- measured at fair value through other comprehensive income.

The Company classifies a financial asset based on the Company's business model for financial asset management and the contractual cash flow characteristics of the financial asset (the so-called "SPPI"). Financial assets are reclassified only when the Company changes its business model in the scope of financial asset management.

Recognition and de-recognition of financial assets

The Company recognizes a financial asset when it becomes bound by the provisions of a financial instrument contract.

The Company ceases to recognize a financial asset when:

- the contractual rights to the cash flows from the financial asset expire, or
- it transfers the financial asset to another party, thereby transferring substantially all of the risks and benefits of ownership of the financial asset.

Valuation of financial assets at the time of initial recognition

At the moment of initial recognition, the Company measures financial assets at fair value, i.e. most often at the transaction price. Transaction costs are included by the Company in the initial value of all financial assets, except for the category of financial assets measured at fair value through profit or loss. An exception to this rule are trade receivables, which the Company measures at their transaction price as defined in IFRS 15, but this does not apply to trade receivables whose maturity is longer than one year and which contain a material financing component as defined in IFRS 15.

Financial assets measured at amortized cost

A financial asset is measured at amortized cost if both of the following conditions are met:

- the financial asset is held according to a business model whose objective is to hold financial assets to obtain the contractual cash flows; and
- the contractual terms of the financial asset give rise to cash flows on specified dates that are only payments of principal and interest on the principal amount outstanding.

The following are classified by the Company into the category of financial assets measured at amortized cost:

- trade and other receivables being financial assets,
- cash and cash equivalents.

Financial assets Measured at fair value through other comprehensive income

A financial asset is measured at fair value through other comprehensive income if both of the following conditions are met:

- the financial asset is held according to a business model that aims to both receive contractual cash flows and sell the financial assets, and
- the contractual terms of the financial asset give rise to cash flows on specified dates that are only payments of principal on the principal amount outstanding.

As on the balance sheet date, the Group did not have any financial assets measured at fair value through other comprehensive income.

Financial assets measured at fair value through financial result

A financial asset that does not meet the criteria for classification into the category of financial assets measured at amortized cost or into the category of financial assets measured at fair value through other comprehensive income is classified as financial assets measured at fair value through profit or loss.

Under IFRS 9, an irrevocable selection can also be made on initial recognition for certain (non-trading) equity investments that would otherwise be measured at fair value through profit or loss to account for subsequent changes in fair value through other comprehensive income.

In the financial year, the Company did not make such a choice.

Impairment of financial assets

On each balance sheet date, the Company measures a write-down for expected credit losses related to financial assets classified as those measured at amortized cost or measured at fair value through other comprehensive income.

If the credit risk associated with a given financial asset has increased significantly since initial recognition, the write-down for expected credit losses is measured at an amount equal to the expected credit losses over the life of the asset.

On the other hand, if as on the balance sheet date the credit risk associated with a given financial asset has not increased significantly since initial recognition, the write-down for expected credit losses is measured at an amount equal to the expected credit losses over the period of 12 months.

With regard to trade receivables, the Company always measures the write-down for expected credit losses over the entire life of the receivables (i.e. until their maturity).

Write-downs and reversed write-downs due to expected credit losses in the case of trade and other receivables are recognized in other operating expenses or revenue, respectively.

Write-downs and reversed write-downs due to expected credit losses in the case of other financial assets are recognized in financial expenses or revenue, respectively.

The method of assessing a significant increase in credit risk and measuring write-downs for expected credit losses, depending on the type of financial assets, is as follows:

- for individually insignificant trade and other receivables (deposits, advances, settlements with employees, and other), the Company applies a practical approach that assumes the calculation of write-downs for expected credit losses for the entire life of the instrument. The estimates of write-downs are established primarily on the basis of overdue receivable ranges as on the balance sheet date and historical losses within each of the overdue ranges.
- for other financial assets, the Company takes into account information available without undue cost or effort, most often the financial statements of issuers or contractors, ratings of specialized institutions or economic forecasts for sectors or industries to which a given financial asset is related. Moreover, each time the overdue status is taken into account.

Regardless of the individual materiality level of trade and other receivables, the Company applies an individual approach to credit risk assessment and the measurement of expected credit losses for receivables from debtors in liquidation or in bankruptcy and receivables questioned by debtors.

In the above situations, a write-down for receivables may be created in the amount of up to 100% of their value, despite the lack of overdue status.

Financial assets are written down in whole or in part when the Company has exhausted virtually all debt collection activities and decides that it can no longer reasonably expect them to be recovered. This usually occurs when the limitation period has expired, the bankruptcy or liquidation proceedings have been completed or the Company has information about the debtor's insolvency.

In the case of financial assets measured at amortized cost, the amounts written down for this reason reduce the previously made write-downs for expected credit losses.

Assets written down for which no previous write-offs due to expected credit losses were made or for which the write-offs were not made in full, are included in other operating costs or financial costs.

V. Financial liabilities

Financial liabilities are disclosed under the following items in the statement of financial position:

- right-of-use liabilities,
- trade liabilities,
- other liabilities.

The Company recognizes a financial liability in the statement of financial position when it becomes bound by the provisions of the instrument contract. At the moment of initial recognition, the Company measures financial liabilities at fair value, i.e. most often at the transaction price. Transaction costs are included in the initial value of financial liabilities, except for liabilities measured at fair value through profit or loss.

The subsequent measurement of financial liabilities depends on their classification into one of the following categories:

- liabilities measured at amortized cost (using the effective interest rate method), or
- financial liabilities measured at fair value through financial result,

The category of financial liabilities measured at amortized cost includes, inter alia, credits and loans, debt securities, right-of-use liabilities, trade liabilities and other liabilities with agreed payment time limits. In the case of trade liabilities and other short-term liabilities included in the category measured at amortized cost, the Company applies a simplification consisting in their subsequent valuation in the amount payable due to the insignificant discount effect.

Financial liabilities that meet the definition of liabilities held-for-trading are classified as financial liabilities measured at fair value through profit or loss. In accordance with IFRS 9, financial assets or financial liabilities are held for trading if:

- they were acquired or contracted mainly for the purpose of sale or repurchase in the near term,
- upon initial recognition, they are part of a portfolio of specific financial instruments that are managed together and for which there is evidence of the actual current mode of generating short-term profits, or
- they are a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

Profits and losses from the measurement of financial liabilities are recognized in profit or loss from financial activities.

VI. Hedge accounting

The Company does not apply hedge accounting, therefore the provisions of IFRS 9 are not applicable in this respect.

VII. Cash and cash equivalents

Cash and cash equivalents include cash in hand and cash in bank accounts as well as short-term bank deposits with high liquidity (mainly overnight deposits), where the risk of impairment is insignificant.

Cash and cash equivalents are classified as financial assets measured at amortized cost.

VIII. Intangible assets

Intangible assets are measured at the purchase price or production cost less depreciation and impairment write-downs and impairment losses.

Intangible assets with a limited useful life are amortized over the useful life and tested for impairment each time when the indications implying their impairment occur. The period and method of amortization of intangible assets with a limited useful life are verified at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of economic benefits derived from a given intangible asset result in an adjustment of the depreciation rate.

Intangible assets with an indefinite useful life and those that are not used, are verified annually for possible impairment in relation to individual assets or at the level of the cash-generating unit.

The depreciation period for individual types of intangible assets is as follows:

- acquired property rights, licenses and concessions - 2 years,
- other intangible assets - 2 years,

Research costs are not subject to capitalization and in the result they are presented as costs in the period in which they were incurred.

The results resulting from de-recognition of intangible asset in the statement of financial position are measured at the difference between net income from sales and the carrying amount of a given asset, and are recognized in the profit and loss account at the moment they are derecognized in the statement of financial position.

In accordance with IAS 38, the production cost includes all expenditure that is directly attributable to the activities of development, production and adaptation of an asset for use in the manner intended by the management. Such expenditures include:

- expenditure on materials and services used or consumed in the production of an intangible asset,
- costs of employee benefits resulting directly from the production of an intangible asset,
- legal title registration fees,
- amortization of patents and licenses that are used to generate an intangible asset.

Estimates

Depreciation rates are determined based on the expected economic useful life of intangible assets. Every year, the Company verifies the adopted useful lives based on current estimates.

The Management Board of the Company assesses whether there are any indications of a possible impairment of individual assets or cash-generating units. As part of the analysis of the premises, both external factors - including, in particular, the macroeconomic environment, as well as internal factors - including strategic decisions, current financial projections and operational plans, are analyzed. The occurrence of an indication of possible impairment requires estimation of the recoverable amount.

IX. Leasing.

Determination whether a contract contains a lease

For each concluded contract, the Company decides whether the contract represents or includes a lease. A lease is defined as a contract or part of a contract that conveys the right to control use of an identified asset (the underlying asset) for a period of time in return for consideration. To this end, three main aspects are analyzed:

- Whether the contract concerns an identified asset that is either clearly or implicitly identified in the contract at the moment the asset is made available to the Company,
- whether the Company has the right to obtain substantially all economic benefits from the use of the asset throughout its useful life to the extent specified in the contract,
- whether the Company has the right to direct the use of the identified asset throughout its useful life.

Right-of-use assets

The right-of-use assets are initially recognized at cost, and then reduced by depreciation write-downs and possible impairment losses, as well as appropriately adjusted by recalculations of lease liabilities. The cost of the right-of-use asset comprises the amount of the original measurement of the lease liability, any lease payments made on or before the commencement date, less any lease incentives received, the initial direct costs incurred by the lessee and an estimate of the costs to be incurred by the lessee in connection with the dismantling and removal of the underlying asset. If, under the lease contract, the ownership of the underlying asset is transferred to the Company, which acts as the lessee, at the end of the lease term or if the cost of the right-of-use asset takes into account the fact that the Company will exercise the call option, the Company shall depreciate the right-of-use asset starting from the commencement date until the end of the useful life of the underlying asset. Otherwise, the Company shall depreciate the right-of-use asset starting from the commencement date of the lease until the end of the useful life of the asset or the end of the lease term, whichever is earlier.

Lease liabilities

On the commencement date of the lease, the Company measures the lease liability in the amount of the current value of the lease payments outstanding on that date. Lease payments are discounted using the lease interest rate, if such rate can be easily determined. Otherwise, the Company uses the lessee's marginal interest rate. Lease payments comprise fixed payments (including substantially fixed lease payments) less any outstanding lease incentives; variable lease payments, which depend on the index or rate, the amount of the guaranteed residual value and sum of the call exercise price (if it can be stated with sufficient certainty that Company will use this option) as well as financial penalties for termination of the contract (if there is sufficient certainty that the Company will use this option). Variable lease payments that do not depend on an index or rate are recognized immediately as an expense in the period in which the event or condition causing the payment of the lease occurs. In subsequent periods, the lease liability is reduced by repayments made and increased by accrued interest.

In the event that the lease is modified, there is a change in the period or amount of substantially fixed lease payments or in a judgment regarding the exercise of the call option regarding the leased asset, and the lease liability is recalculated to reflect the changes described.

Determination of the marginal discount rate and the duration of the lease

The lessee's marginal interest rate applied to discount cash flows resulting from premises lease contracts concluded for an indefinite period is determined on the basis of the judgment of the Company's management, which is based on easily observable loan rates with a similar payment profile to the lease. For this purpose, the management of the Company analyzes the possible interest rates on loans for financing the purchase of business premises based on the offers collected from the banks. The analyzed loan offers had a payment profile similar to that of leasing. Given the above, the Management made a judgment by setting a marginal interest rate at 2%.

When determining the duration of the lease for premises lease contract for an indefinite period, the management of the Company, in accordance with IFRS 16, determines the lease term to the best of its knowledge, based on the available information. Circumstances affecting the calculation of the lease term, apart from the main contractual terms, include the possibility of extending and terminating the contract. It is also analyzed whether, in the case of a contract concluded for an indefinite period with the option to terminate the lease, there is sufficient certainty that the option wil be used by the Company.

The management of the Company, making a subjective assessment, also decided to treat the lease contract for an indefinite period as the one concluded for a 5-year period.

X. Write-downs for impairment of non-financial assets

The carrying amounts of non-financial assets, other than inventories and deferred tax assets, are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If such premises are present, the Company estimates the recoverable amount of individual assets.

The recoverable amount of assets or cash-generating units (CGU) is defined as the higher of their net realizable value and their value in use.

An impairment loss is recognized when the carrying amount of an asset or cash-generating unit exceeds its recoverable amount. Impairment losses are recognized in profit or loss for the current period.

XI. Employee benefits

Liabilities and provisions for employee benefits disclosed in the statement of financial position include the following titles:

- short-term employee benefits in respect of remuneration (including bonuses) and social security contributions,
- provisions for unused holiday leaves.

Short-term employee benefits

The value of liabilities in respect of short-term employee benefits is determined without discount and recognized in the statement of financial position in the amount due.

Provisions for unused holiday leaves

The Group creates a provision for the costs of accumulated paid absences, which it will have to incur as a result of the entitlement not used by the employees, if such entitlement had accrued as on the balance sheet date. The provision for unused holidays is a short-term provision and is not discounted.

Given the materiality, the Company does not create any provisions for retirement benefits.

On October 29, 2021, the Extraordinary General Meeting of STS Holding S.A. adopted a resolution on the establishment of an incentive program in the Company for the years 2021-2023 for key employees and associates of the STS Holding S.A. Group. Objectives have been defined, in connection with the implementation of which persons selected by the Management Board and the Supervisory Board will be granted subscription warrants entitling to acquire the Company's shares as part of a conditional increase in the Company's share capital, subject to the achievement of the assumed result and market objectives. The incentive program is accounted for in accordance with the principles of IFRS 2 Share-based Payments.

XII. Trade liabilities

Trade liabilities are shown in the balance sheet at amortized cost.

XIII. Provisions

Provision is recognized when the Company has a present, legal or constructive obligation arising from past events, which can be reliably measured and it is probable that meeting of the obligation will result in an outflow of economic benefits. When the effect of the time value of money is material, provisions are estimated by discounting the expected future cash flows based on a pre-tax rate that reflects current market estimates of changes in the time value of money and, if appropriate, the risk associated with a given component of liabilities.

XIV. Revenue

Recognition and measurement of revenue from the Company's core business, i.e. betting revenue, are regulated by IFRS 9 Financial Instruments. Dividends are recognized in profit or loss only when the Company is entitled to receive the dividend, it is probable that the Company will obtain economic benefits related to the dividend, and the dividend can be reliably measured.

XV. Subsidies

The subsidies received, which are the reimbursement of expenditure (costs) already incurred by the Company, are recognized as profit or loss for the current period and disclosed in other operating income on a systematic basis in the periods in which costs are recognized. The subsidies for fixed assets received by the Company are recognized in profit or loss for the current period (as other operating income) on a systematic basis over the useful life of the asset.

XVI. Financial revenue and expenses

Financial revenue includes interest due on the funds invested by the Company, foreign exchange gains. Revenue from interest is recognized in profit or loss on an accrual basis using the effective interest rate method.

Financial expenses include interest due on debts and borrowing, losses due to exchange rate differences, write-downs due to impairment of financial assets. All expenses from interest are determined based on the effective interest rate.

Foreign exchange gains and losses are shown in the net amount as financial revenue or financial expenses, depending on their total net position.

XVII. Income tax

The obligatory income tax charges on the financial result are due to the impact of current and deferred income tax. Current tax is the amount of income tax (CIT) payable (refundable) on taxable income for a given period. The value of current tax is calculated based on the tax laws and rates in force – either legally or actually – at the reporting date.

Deferred tax results from changes in the value of identified deferred tax assets and liabilities, whereby deferred tax relating to items that have been recognized directly in equity is also recognized directly in equity. Deferred tax assets and liabilities are created for all temporary differences between the book value of assets and liabilities and their tax value. Deferred tax assets and liabilities are measured using the tax rates expected to apply when the timing differences reverse, with the current tax rates used as the basis. Deferred tax assets and liabilities are netted against each other provided there is a legally enforceable right to do so and the assets and liabilities relate to income taxes imposed by the same taxing authority on the same taxpayer or on different taxpayers who intend to settle current income tax liabilities and receivables on a net basis or realize receivables and settle liabilities simultaneously.

Deferred tax assets are established for negative timing differences, or outstanding tax losses or unused tax credits that can be carried forward. Deferred tax assets are recognized only when it is probable that a taxable profit that will make it possible to realize them will be available in future periods. The fulfilment of this condition is verified at each reporting period end date.

03.

Explanatory notes to the interim consolidated historical financial information

NOTE 1. REVENUE

The specification of total revenue is as follows:

Specification	10.03.2021 – 31.12.2021
Continuing operations	
Revenue from holding operations, including:	**67,454,044**
- dividend income	67,454,044
- revenue from sales of services	-
Revenue from operating activities	-
- revenue from sales of services	-
Total revenue	**67,454,044**
Other operating revenue	1
Financial revenues	62
Total revenues from continuing operations	**67,454,107**
Revenue from discontinued operations	-
Total revenue	**67,454,107**

(all figures are presented in PLN, unless otherwise stated)

In the period from March 10 to December 31, 2021, the Company conducted only holding operation in relation to the company STS S.A. and as part of that activity it only obtained dividend revenue in the amount of PLN 67,454,043.94.

In accordance with the Resolution No. 1 of the Management Board of STS S.A. of November 24, 2021 regarding the payment of an advance on dividends for the financial year from January 1, 2021 to December 31, 2021, the Management Board of STS S.A., acting pursuant to the consent of the Supervisory Board of STS S.A. granted under the resolution of the Supervisory Board of STS S.A. of November 23, 2021 and on the basis of the authorization granted to the Management Board of the Company pursuant to Art. 13 section 3 of the Articles of Association, in connection with Art. 349 sec. 1 of the Commercial Companies Code, decided to make an advance payment for the dividend for the financial year from January 1, 2021 to December 31, 2021 (hereinafter: "advance payment") to the sole shareholder of the Company, i.e. STS Holding S.A. The amount of the advance was PLN 67,454,043.94 and was paid on December 31, 2021. In the period from March 10 to December 31, 2021, there was no revenue from contracts with customers.

NOTE 2. OPERATING SEGMENTS

The presentation by operating segments was made in accordance with the management approach at the level of the STS Holding S.A. Group and is included in the "Consolidated financial statements as on December 31, 2021 and for the year ended December 31, 2021".

NOTE 3. OPERATING EXPENSES

The operating costs specification is as follows:

Specification	10.03.2021 – 31.12.2021
Amortization and depreciation	695
Consumption of materials and energy	132
External services, including:	5,722,734
- Advisory and legal services	4,391,566
- Advertising and media services	305,644
- Banking services	1,813
- Accounting services	18,450
- Stock exchange services	339,668
- Services related to the preparation of the Offering Memorandum	515,225
- Translations	20,591
- Management services	1,582
- Other	128,194

(all figures are presented in PLN, unless otherwise stated)

Taxes and charges	270
Employee benefits, including:	3,627,274
- gross remuneration	24,521
- cost of the incentive program	3,598,000
- Social security and other benefits	4,752
Other costs by type	6,765
Value of goods and materials sold	-

NOTE 4. OTHER OPERATING REVENUE AND EXPENSES

The specification of other operating revenue is as follows:

Other operating revenue	10.03.2021 – 31.12.2021
Other	1
Total	1

The specification of other operating expenses is as follows:

Other operating expenses	10.03.2021 – 31.12.2021
Other operating expenses	-
Total	-

(all figures are presented in PLN, unless otherwise stated)

Note 5. Financial revenue and expenses

The specification of financial revenue is as follows:

Financial revenues	10.03.2021 – 31.12.2021
Revenues from interest, including:	62
- interest on loans	62
Total	62

The specification of the financial expenses is as follows:

Financial expenses	10.03.2021 – 31.12.2021
Other interest - budget-related	50
Interest on lease contracts	82
Total	132

Disclosures of revenue, expenses, profits or losses by categories of financial instruments:

10.03.2021 – 31.12.2021	Financial assets measured at amortized cost	Financial assets measured at fair value through financial result	Financial liabilities measured at amortized cost	Financial liabilities measured at fair value through financial result	Other assets and liabilities	Total
Revenue from interest	62	-	-	-	-	62
Interest expenses	-	-	-132	-	-	-132
Total profit/loss	62	-	-132	-	-	-70

Dividend revenue was earned from the subsidiary.

Shares in the company STS S.A. was not classified as financial instruments in accordance with IFRS 9.

(all figures are presented in PLN, unless otherwise stated)

NOTE 6. INCOME TAX AND DEFERRED INCOME TAX

The main tax burden components for the period from March 10, 2021 to December 31, 2021 are as follows:

Income tax shown in the interim consolidated statement of comprehensive income	10.03.2021 – 31.12.2021
Current income tax	12
For the financial year	12
Adjustments for previous years	-
Change in deferred income tax	**-7**
Associated with the emergence and reversal of temporary differences	-7
Related to the reduction of income tax rates	-
Tax burden shown in net profit	**-5**
Tax burden recognized in other comprehensive income	**-**

The reconciliation of the effective tax rate is presented below:

	10.03.2021 – 31.12.2021
Profit before tax	**58,096,105**
Tax at the rate of 19%	11,038,260
Adjustment items relating to the current year, including:	-58,096,043
fixed revenue that is not tax revenue	-67,454,045
fixed costs that are not tax expenses	9,358,002
Impact of the adjustment items on the current tax	-58,096,043
Income tax	12
Effective tax rate	0.00002%

(all figures are presented in PLN, unless otherwise stated)

Tax in the statement of comprehensive income	12

Deferred tax assets and deferred tax liabilities.

Deferred tax assets and provisions have been recognized in relation to the following assets and liabilities:

	10.03.2021 – 31.12.2021
Deferred tax assets for:	
- right-of-use liabilities	3,240
Deferred tax liabilities for:	
- right-of-use assets	3,233

Net assets (liabilities) for deferred tax	-7

NOTE 7. EARNINGS PER SHARE

Basic earnings per share are calculated by dividing the net profit for the period attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

Diluted earnings per share are calculated by dividing the net profit for the period attributable to ordinary shareholders (after deducting interest on redeemable preferred shares convertible into ordinary shares) by the weighted average number of ordinary shares outstanding during the period (adjusted for the effect of dilutive options and dilutive redeemable preferred stock convertible into common stock)

Calculation of profit per share - assumptions	10.03.2021 – 31.12.2021
Net profit on continuing operations	58,096,100
Loss on discontinued operations	-
Earnings per share attributable to ordinary shareholders used to calculate earnings per share	58,096,100
Dilution effect - not applicable	-
The profit shown for the purpose of calculating the value of diluted earnings per share	58,096,100

(all figures are presented in PLN, unless otherwise stated)

Number of shares issued	10.03.2021 – 31.12.2021
Weighted average number of shares shown for the purpose of calculating the value of basic earnings per share in pcs.	130,828,416
Dilution effect of the number of ordinary shares	
Earnings per share	0.44
Adjusted weighted average number of ordinary shares used to calculate diluted earnings per share	130,828,416
Diluted earnings per share	0.44

On September 10, 2021, the Extraordinary General Meeting of the Company adopted Resolution No. 3 on increasing the Company's share capital by issuing series B shares for the existing shareholders of the Company. The share capital of the Company was increased by PLN 156,149,998.00 through the issue of 156,149,998 series B shares with a nominal value of PLN 1.00 per share and an issue price of PLN 19.1767091322446 per share. All shares were offered for subscription pursuant to Art. 431 para. 2 point 1 of the Commercial Companies Code, by way of a private subscription by the existing shareholders of the Company holding the company's shares as at the subscription rights date, in exchange for an in-kind contribution in the form of 112,150,000 series A and B registered shares of STS Spółka Akcyjna with its registered office in Katowice. The total value of the in-kind contribution was PLN 2,994,443,131.00. The capital increase was registered by the Registry Court on November 4, 2021.

On October 21, 2021, the Extraordinary General Meeting of STS Holding S.A. adopted a resolution on the increase in the share capital of the Company through the issuance of 140,000 series C shares with a nominal value of PLN 1 each (“Series C shares”), which were offered by way of private subscription to Mr. Zdzisław Kostrubała for 000 series C shares in exchange for a cash contribution of PLN 70,000 and to Mr. Marcin Walczysko for 70,000 series C shares in exchange for a cash contribution of PLN 70,000. The shares were fully covered. The capital increase was registered by the Registry Court on November 29, 2021.

In the period from March 10 to December 31, 2021, the diluting instruments were the rights and subscription warrants allocated under the incentive scheme entitling to acquire the Company's shares in the future. Information on the number of granted allowances can be found in Note 24.

(all figures are presented in PLN, unless otherwise stated)

NOTE 8. RIGHT-OF-USE ASSETS

The company uses the premises used for business purposes under the financial lease contract. The lease contract was concluded for an indefinite period, a 5-year period was assumed for the calculation of right-of-use assets and liabilities.

At the end of the reporting period, the net value of the right-of-use assets was:

Specification	2021.12.31
Leased premises	17,017
Total	**17,017**

Right-of-use assets related to the premises:

Specification	Total
Gross carrying amount as on March 10, 2021	-
Increases	17,712
Decreases	-
Gross carrying amount as on December 31, 2021	17,712
Redemption as on March 10, 2021	-
Increases due to depreciation	695
Decreases	-
Redemption as on September 30, 2021	695
Write-downs	-
Net carrying amount as on September 30, 2020	17,017

The Company does not recognize liabilities due to short-term leases and leases with low-value underlying assets. In addition, the value of lease liabilities does not include variable lease payments depending on factors other than an index or rate. There were no such payments in the current period.

NOTE 9. INTANGIBLE ASSETS

Under intangible assets as on December 31, 2021, the Company presents website expenditures in the amount of PLN 249,180. As on the balance sheet date, the website was not put into use.

(all figures are presented in PLN, unless otherwise stated)

NOTE 10. OTHER FINANCIAL ASSETS

Other financial assets	31.12.2021
Financial assets measured at fair value through financial result	
- Shares of STS S.A.	2,994,443,131
- shares in other companies related to the incentive program	319,102
Total	**2,994,762,233**

On September 10, 2021, the Extraordinary General Meeting of the company adopted Resolution No. 3 on increasing the Company's share capital by issuing series B shares for the existing shareholders of the Company. The share capital of the Company was increased by PLN 156,149,998.00 through the issue of 156,149,998 series B shares with a nominal value of PLN 1.00 per share and an issue price of PLN 19.1767091322446 per share. All shares were offered for subscription pursuant to Art. 431 para. 2 point 1 of the Commercial Companies Code, by way of a private subscription by the existing shareholders of STS Holding S.A. holding the company's shares as at the subscription rights date, in exchange for an in-kind contribution in the form of 112,150,000 series A and B registered shares of STS Spółka Akcyjna with its registered office in Katowice. The total value of the in-kind contribution was PLN 2,994,443,131.00.

The valuation of the incentive program for employees of other companies from the Group was shown as shares in these companies.

NOTE 11. PREPAYMENTS

The table below presents the specification of prepayments:

Specification	31.12.2021
Long-term prepayments and accruals	-
Short-term prepayments and accruals	101
- Operating expenses settled over time	101
Total	**101**

(all figures are presented in PLN, unless otherwise stated)

NOTE 12. CASH AND CASH EQUIVALENTS

Specification	31.12.2021
Cash at banks	64,117,743
Total	**64,117,743**

Cash and cash equivalents by currency:

Specification	31.12.2021
PLN	64,117,743
Total	**64,117,743**

The fair value of cash is equal to the carrying amount.

NOTE 13. SHARE CAPITAL

The share capital structure by share series as on December 31, 2021 is as follows:

Series/issue of shares	Type of share preference	Type of restriction of rights to shares	Number of shares	Unit value	Value of series / issue at nominal value	Form of capital contributions
A	None	None	100,000	1	100 000.00	Cash
B	None	None	156,149,998	1	156,149,998.00	In-kind contribution
C	None	None	140,000	1	140,000.00	Cash
Total	x	x	156,389,998	x	156,389,998	x

The company STS Holding SA was established on March 10, 2021 by Vistra Shelf Companies sp. z o.o., , under the business name of Vartomil Investments Spółka Akcyjna (hereinafter: Vartomil Investments S.A.). The company was based in Warsaw, ul. Towarowa 28, and was entered in the Register of Enterprises kept by the District Court for the Capital City of Warsaw in Warsaw, 13th Commercial Division of the National Court Register under KRS number: 0000898108.

On June 10, 2021, the company's shares were acquired by the following companies: Betplay Capital sp. z o.o. (former: Betplay International sp. z o.o.), Juroszek Investments sp. z o.o. and MJ Investments sp. z o.o.

On September 10, 2021, the Extraordinary General Meeting of the company adopted Resolution No. 3 on increasing the Company's share capital by issuing series B shares for the existing shareholders of the Company. The share capital of the Company was increased by PLN 156,149,998.00 through the issue of 156,149,998 series B shares with a nominal value of PLN 1.00 per share and an issue price of PLN 19.1767091322446 per share. All shares were offered for subscription pursuant to Art. 431 para. 2 point 1 of the Commercial Companies Code, by way of a private subscription by the existing shareholders of STS Holding S.A. holding the company's shares as at the subscription rights date, in exchange for an in-kind contribution in the form of 112,150,000 series A and B registered shares of STS Spółka Akcyjna with its registered office in Katowice. The total value of the in-kind contribution was PLN 2,994,443,131.00.

(all figures are presented in PLN, unless otherwise stated)

On October 21, 2021, the Extraordinary General Meeting of STS Holding S.A. adopted Resolution no. 5 on increasing the Company's share capital by way of issuing series C shares, depriving the existing shareholders of the company of all pre-emptive rights and registering the Company's shares in the depository of securities kept by the National Depository for Securities and applying for admission and introduction of series C shares to trading on the regulated market kept by the Warsaw Stock Exchange. The Company's share capital was increased by PLN 140,000.00 through the issue of 140,000 series C ordinary registered shares. The shares were acquired by Mr. Zdzisław Kostrubała (member of the Company's Management Board) in the number of 70,000 shares, in exchange for a cash contribution of PLN 70,000.00, and Mr. Marcin Walczysko (member of the Company's Management Board) in the number of 70,000 shares, in exchange for a cash contribution of PLN 70,000.00.

The share capital structure by shareholders holding more than 5% of votes at the General Meeting of Shareholders as on December 31, 2021 is as follows:

Shareholders	Number of shares	Nominal value of shares (PLN)	Participation in share capital (%)	Number of votes	Share in the total number of votes at the General Meeting of Shareholders (%)
Mateusz Juroszek and Zbigniew Juroszek, including:	109,375,000	PLN 109,375,000.00	69.94%	109,375,000	69.94%
Juroszek Holding sp. Z o.o.	52,628,313	PLN 52,628,313.00	33.65%	52,628,313	33.65%
MJ Investments sp. z o.o.	39,699,901	PLN 39,699,901.00	25.39%	39,699,901	25.39%
Betplay Capital sp. z o.o.	17,046,786	PLN 17,046,786.00	10.90%	17,046,786	10.90%
Norges Bank	10,145,400	PLN 10,145,400.00	6.49%	10,145,400	6.49%
Nationale Nederlanden Powszechne Towarzystwo Emerytalne S.A.	9,375,000	PLN 9,375,000.00	5.99%	9,375,000	5.99%
Others	27,494,598	PLN 27,494,598.00	17.58%	27,494,598	17.58%

(all figures are presented in PLN, unless otherwise stated)

Total:	156,389,998	PLN 156,389,998.00	100.00 %	156,389,998	100.00 %

NOTE 14. DIVIDENDS PAID AND PROPOSED FOR PAYMENT

The Company did not pay any dividends in 2021.

NOTE 15. RIGHT-OF-USE LIABILITIES

The Group uses finance lease by renting commercial premises.

Financial lease data are presented in the tables below.

Specification	2021.12.31
Payable within 1 year	2,656
Payable within over 1 year	14,400
Total financial liabilities	17,056

	2021.12.31	
Specification	Minimum fees	Current value of the fees
Within 1 year	3,248	2,656
In the period from 1 to 5 years	14,760	14,400
Over 5 years	-	-
Total minimum lease payments	18,008	17,056
Future interest expense (negative value)	-952	-
Current value of the lease fees, including:	17,056	17,056
- short-term	-	2,656
- long-term	-	14,400

(all figures are presented in PLN, unless otherwise stated)

NOTE 16. TRADE LIABILITIES

Specification	31.12.2021
Trade liabilities	**2,237,385**
Including liabilities towards related entities	6,106
Including liabilities towards other entities	2,231,280

16.1 Age structure of trade and other short-term liabilities (including CIT liabilities):

Specification	31.12.2021
not overdue	2,221,345
overdue, including:	105,201
0 - 90 days	105,201
91 - 180 days	-
181 - 360 days	-
over 360 days	-
TOTAL:	2,326,546

16.2 Currency structure of trade and other short-term liabilities (including CIT):

Specification	31.12.2021
PLN	2,326,546
EUR	-
CZK	-
USD	-
GBP	-
Other	-
TOTAL:	**2,326,546**

(all figures are presented in PLN, unless otherwise stated)

16.3 Maturity dates of short-term liabilities as on December 31, 2021:

Specification	up to 1 month	from 1 month up to 3 months	from 3 months up to 1 year	Over 1 year	Total
Trade liabilities	2,132,184	105,201	-	-	2,237,386
Public law liabilities	86,443	-	-	-	86,443
Payroll liabilities	2,434	-	-	-	2,434
Other liabilities	284	-	-	-	284
TOTAL:	2,221,345	105,201	-	-	2,326,546

NOTE 17. GUARANTEES AND SURETIES GRANTED

The company did not grant any guarantees or sureties.

NOTE 18. OTHER LIABILITIES

Specification	31.12.2021
Liabilities due to other taxes, duties, social security and others, except for corporate income tax, including:	86,443
- personal income tax	1,989
- public law settlements	9,522
- CIT liabilities	12
- tax on goods and services (VAT)	74,920
- other	-
Other liabilities, including:	**2,718**
payroll liabilities to employees, including:	2,434
- under an employment contract	2,434
- other	284
Other liabilities in total	89,161

(all figures are presented in PLN, unless otherwise stated)

NOTE 19. PROVISIONS FOR PENSIONS AND SIMILAR BENEFITS

Change in provisions for employee benefits:

Specification	Provisions for unused holiday leaves
Status as on Mar 10, 2021	-
Establishment/update of a provision	566
Costs of benefits paid (provision used)	-
Provision release	-
Status as on Dec 31, 2021, including:	**566**
- long-term	-
- short-term	566

NOTE 20. OTHER PROVISIONS

Information on other provisions is presented in the tables below.

Specification	31.12.2021
Provision for the audit of the financial statements	105,780
- short-term	105,780

Change in the balance of provisions:

Specification	Other provisions - short-term
Status as on Mar 10, 2021	-
Created during the financial year	105,780
Used	-
Released	-
Status as on Dec 31, 2021	105,780

(all figures are presented in PLN, unless otherwise stated)

NOTE 21. FINANCIAL INSTRUMENTS

The allocation of financial assets and financial liabilities to the categories of financial instruments listed in IFRS 9 is as follows:

Item	31.12.2021	Instrument category under IFRS 9
Assets	3,059,518,180	
Other long-term and short-term financial assets, including:	2,994,762,233	
- shares of a company listed on the stock exchange	2,994,443,131	
- shares in companies in respect of the incentive program	319,102	AWF
Other receivables (short-term)	-	AZK
Cash and cash equivalents	64,117,743	AZK
Commitments	2,343,602	
Right-of-use liabilities (long- and short-term)	17,056	ZZK
Trade liabilities	2,237,385	ZZK
Other liabilities, including:	89,161	
- public law liabilities (other than financial instruments)	86,443	
- payroll liabilities	2,434	
- other liabilities	284	ZZK

Financial instrument categories under IFRS 9 (key to symbols):

- AZK - financial assets measured at amortized cost,
- AWF - financial assets measured at fair value through financial result,
- ZZK - Financial liabilities measured at amortized cost,
- ZWF - financial liabilities measured at fair value through financial result.

As on December 31, the Group did not have any financial assets measured at fair value through other comprehensive income.

Subsidiary shares are measured at cost in accordance with IAS 27; therefore, they are outside IFRS 7 and do not have a financial instrument category assigned.

Credit risk

The company is not exposed to credit risk of receivables due to the lack of operating activities.

With respect to the Group's other financial assets, such as cash and cash equivalents, the Group's credit risk arises from other party's inability to make payment. The maximum exposure to this risk is equal to the carrying amount of these instruments.

The Group has no material concentrations of credit risk. As on the balance sheet date, cash is kept at mBank, with which the subsidiary has been cooperating for many years. This bank has a good reputation, which minimizes the level of credit risk, and the possible amount of write-down would be insignificant for these financial statements. Starting from 2022, the Company has also been using the services of Bank Millenium S.A.

Interest rate risk

At the end of the reporting period, the structure of interest-bearing financial instruments is as follows:

Financial instruments with a fixed interest rate	31.12.2021
Financial assets	-
Financial liabilities	17,056
Total	**17,056**

Financial instruments with a variable interest rate	31.12.2021
Financial assets	-
Financial liabilities	-
Total	**-**

Foreign exchange risk

The Company is exposed to foreign exchange risk from commercial transactions.

The following exchange rates for the major foreign currencies have been used in these financial statements:

EUR exchange rates:

Financial year/period	Rate on the last day of the period
2021	4.5994

(all figures are presented in PLN, unless otherwise stated)

Liquidity risk

Liquidity risk is defined in such a way that the Company will not be able to meet its financial obligations with cash or other financial assets. The objective of the Company's liquidity management is to ensure that it has sufficient capacity to meet its required obligations, both in normal and unforeseen circumstances.

The Company continuously monitors its liquidity position for any deviations from assumed plans. The only source of cash is the dividend paid by STS S.A. In line with the adopted dividend policy, the dividend is paid twice a year, once in the form of an advance for the dividend and the second time after the approval of the financial statements for a given year.

The Company has a large excess of financial liquidity - as on the balance sheet date it has large cash from the dividend received from STS S.A., and small current liabilities.

The following tables show the maturity dates of liabilities (including public and legal liabilities) as on the balance sheet date:

Maturity dates of liabilities as on December 31, 2021

Specification	Value as on the reporting date	Contractual cash flows	Up to 1 year	from 1 to 5 years	Over 5 years
Right-of-use liabilities	17,056	17,056	2,656	14,400	-
Trade liabilities	2,237,385	2,237,385	2,237,385	-	-
Other liabilities	89,149	89,149	89,149	-	-
Current income tax liabilities	12	12	12	-	-
Total	2,343,602	2,343,602	2,329,202	14,400	-

Comparison of fair values with the values on the reporting date

In the opinion of the Management Board of the Company, the fair value of financial assets and liabilities does not differ materially from the values disclosed in the statement of financial position.

The rationale for this statement for each type of asset and liability is presented below.

- Cash and cash equivalents - the value as on the reporting date is close to the fair value due to their immediate maturity or short-term maturity.
- Trade payables and other liabilities - the value as on the reporting date is close to the fair value due to the short payment terms.
- Right-of-use liabilities - using the lessee's marginal interest rate determined on the basis of prevailing market interest rates for similar liabilities.

NOTE 22. EXPLANATIONS TO THE CASH FLOW STATEMENT

Other adjustments

Specification	31.12.2021
Incentive program	3,598,000
Total	3,598,000

NOTE 23. TRANSACTIONS WITH RELATED ENTITIES

The Company identified related parties in accordance with the principles of IAS 24.

The following entities were considered related entities:

- subsidiary entities:
  - STS S.A.
  - STS Gaming Group Ltd,
  - STS BET Ltd.
  - Betsys s.r.o.,
  - Betsys Poland spółka z ograniczoną odpowiedzialnością;
- members of the Supervisory Board:
  - Zbigniew Eugeniusz Juroszek,
  - Maciej Fijak
  - Elżbieta Spyra
  - Milena Olszewska – Miszuris
  - Krzysztof Krawczyk
- key personnel members:
  - Mateusz Zbigniew Juroszek - President of the Management Board,
  - Marcin Sylwester Walczysko – Vice-President of the Management Board,
  - Zdzisław Jan Kostrubała – Member of the Management Board;
- other entities related to the persons mentioned in the points above:
  - Stowarzyszenie Pracodawców i Pracowników firm Bukmacherskich,
  - Sport Twoją Szansą,
  - Betplay Capital spółka z ograniczoną odpowiedzialnością,
  - MJ Investments spółka z ograniczoną odpowiedzialnością,
  - ZJ-Invest spółka z ograniczoną odpowiedzialnością,
  - ATAL Construction spółka z ograniczoną odpowiedzialnością,
  - ATAL Spółka Akcyjna,
  - Metan Energy P. Basista Spółka Jawna,
  - ATAL ART Invest spółka z ograniczoną odpowiedzialnością (former: ATAL Services spółka z ograniczoną odpowiedzialnością),
  - Juroszek Holding spółka z ograniczoną odpowiedzialnością (former: Juroszek Investments spółka z ograniczoną odpowiedzialnością),
  - ATAL - Nowe Polesie 2 spółka z ograniczoną odpowiedzialnością w likwidacji,
  - ZJ-Invest spółka z ograniczoną odpowiedzialnością spółka komandytowa,
  - JP Construct spółka z ograniczoną odpowiedzialnością spółka komandytowa,
  - Temisto 9 spółka z ograniczoną odpowiedzialnością,
  - Juroszek Catch Me spółka jawna,
  - JP Construct spółka z ograniczoną odpowiedzialnością w likwidacji,

(all figures are presented in PLN, unless otherwise stated)

- Juroszek Apartments spółka jawna
- WM Advisory spółka z ograniczoną odpowiedzialnością,
- ATAL Development GmbH,
- Yestersen spółka z ograniczoną odpowiedzialnością.

Transactions with related entities were carried out on an market terms. The overdue liabilities at the end of the period are interest-free and settled in cash or in a cashless manner. Liabilities to related entities have not been covered by any granted or received guarantees. They are also not secured in any other forms. At the end of the financial period, i.e. December 31, 2021, the Company had no doubtful receivables from related parties. Data on transactions with other related entities and information on unsettled balances are presented in the table.

Related party	Sales to related entities		Purchases from related entities	
	2021		2021	
STS S.A.	-		424,769	

Related party	Receivables from related entities		including overdue		Liabilities to related entities			
	2021		2021		2021		2021	
STS S.A.	-		-		6,106		-	

Transactions involving the key management of the Company.

Pursuant to this Resolution No. 5 of the Extraordinary General Meeting of Shareholders of STS Holding S.A. of October 21, 2021, the share capital of the Company was increased by the amount of PLN 140,000.00 through the issue of 140,000 ordinary registered series C shares with a nominal value of PLN 1.00 each, and with an issue price of PLN 1.00 per share. These shares were offered for private subscription by Mr. Zdzisław Kostrubała (member of the Management Board) in the number of 70,000 series C shares in exchange for a cash contribution of PLN 70,000.00, and Mr. Marcin Walczysko (member of the Management Board) in the number of 70,000 shares series C in exchange for a cash contribution of PLN 70,000.00.

NOTE 24. SHARE-BASED PAYMENTS

The STS Holding incentive program was adopted on the basis of two resolutions:

1. Resolution No. 5 of the Extraordinary General Meeting of STS Holding SA of October 21, 2021 on the increase of the Company's share capital by issuing series C shares, depriving the existing shareholders of the Company of all pre-emptive rights. Pursuant to this resolution, the share capital of the Company was increased by the amount of PLN 140,000.00 through the issue of 140,000 ordinary registered series C shares with a nominal value of PLN 1.00 each, and with an issue price of PLN 1.00 per share. These shares were offered for private subscription by Mr. Zdzisław Kostrubała (member of the Management Board) in the number of 70,000 series C shares in exchange for a cash contribution of PLN 70,000.00, and Mr. Marcin Walczysko (member of the Management Board) in the number of 70,000 shares series C in exchange for a cash contribution of PLN 70,000.00. The capital increase was registered by the Registry Court on November 29, 2021. The Extraordinary General Meeting, having read the written opinion of the Management Board of the Company justifying the reasons for depriving the Company's shareholders

of the pre-emptive rights and the proposed issue price for series C shares, decided in the interest of the Company to deprive the Company's shareholders of the entire pre-emptive rights regarding all series C shares;

The rights to purchase 1 share of the Company at the price of PLN 1 were acquired on October 21, 2021. The purchased shares are subject to transferability restriction for a period of 12 months from the allotment date (Lock-up period). The allowance does not include the so-called vesting conditions that relate to the vesting period. The number of granted allowances is 140,000; in this case, there was a new issue of the underlying assets. The allowances valued in this part of the report are shares that are purchased immediately on the grant date and therefore have been valued based on their market price.

2. Resolution No. 4 of the Extraordinary General Meeting of STS Holding SA of October 29, 2021 on the introduction of an incentive program for key employees and associates of the STS Holding S.A. Group. The incentive program was established to introduce mechanisms in the Company that increase the value of the Company and its group of companies, and to further enable participation of key employees and associates in the expected increase in the value of the Group and to ensure their permanent bond with the Group. The incentive program will be implemented based on the Company's financial results achieved in individual financial years, starting from the financial year ending on December 31, 2021, to the financial year ending on December 31, 2023. In order to enable the implementation of the Incentive Program, it was decided to authorize the Management Board to use the authorization to increase the share capital as part of the authorized capital established in accordance with the conditions set out in the Articles of Association amended by Resolution No. 6 of the Extraordinary General Meeting of STS Holding SA of October 21, 2021 for the purpose of issuing shares in accordance with the provisions of the Regulations. As part the the Incentive Program, the Management Board will be authorized to issue no more than 714,000 series D bearer shares of the Company.

General assumptions of the Incentive Program:

The purpose of the Incentive Program is to link the interests of the Program participants with the achievement of long-term business goals and the implementation of the Group's strategy, as well as to maintain an employment relationship with the Participants who have a key influence on the shaping and implementation of the Group's strategy. With regard to the Program participants being the Members of the Management Board, the Incentive Program implements the goals of the Company's remuneration policy by constantly linking the interests of the Management Board members with the long-term goals and strategy of the Group to enable participation of the Management Board members in the growth of the Company's value. The Incentive Program will be implemented in the years 2022-2024 and it covers the implementation of goals for the financial years ended December 31, 2021, 2022 and 2023. The Management Board has defined the list of participants who received or will receive a letter regarding participation in the Program and the maximum number of Bonus Shares that a given Participant may receive under the Incentive Program. Each Participant must sign a Letter of participation in the Program.

The Management Board of the Company defined the EBITDA Target for the given performance period. The fulfillment of the EBITDA Target will be verified within two weeks from the publication of the Company's Annual Report for a given Performance Period. Within two weeks of the publication of the Company's Annual Report for a given Performance Period, each participant will receive a Notification from the Management Board confirming the level of fulfillment of the targets for the given performance period and the total number of bonus shares to which a given participant is conditionally entitled. Each participant will pay the issue price for one premium share equal to the nominal value of the Company's shares. The Management Board will adopt a resolution on the increase of the Company's share capital and the allocation of the Bonus Shares immediately after receiving the confirmation of payment of the Issue Price from each of the Participants. The period of restriction of the transferability of the Bonus Shares shall be 12 months from a given Allotment Date ("Lock-Up Period”). The valued allowances are shares that are purchased immediately on the grant date and therefore have been valued based on their market price. The invitation to the program was sent on December 21, 2021. Letters about joining the program were signed by program participants in the period from December 21 to December 30, 2021. The grant date was the same for the three annual tranches.

The numerical method of approximating the solutions of differential equations, known as the finite difference method, was used to estimate the value of the allowances. The adopted valuation method is commonly used in the valuation of derivative instruments and it is in line with IFRS 2. It is a development of the Black-Scholes-Merton model.

Underlying asset prices as on the valuation date:

- 21.12.2021 – 23.90
- 22.12.2021 – 24.10
- 23.12.2021 – 24.20
- 27.12.2021 – 23.50
- 28.12.2021 – 23.90
- 30.12.2021 – 23.50

The table below specifies the value of asset volatility and the risk-free interest rate for each allowance:

(all figures are presented in PLN, unless otherwise stated)

allowance	interest rate	volatility of rates
U-2021-12-21-T2021	1.60%	38%
U-2021-12-21-T2022	2.60%	36%
U-2021-12-21-T2023	2.90%	37%
U-2021-12-22-T2021	1.60%	38%
U-2021-12-22-T2022	2.60%	36%
U-2021-12-22-T2023	2.90%	37%
U-2021-12-23-T2021	1.60%	38%
U-2021-12-23-T2022	2.60%	36%
U-2021-12-23-T2023	3.30%	37%
U-2021-12-27-T2021	1.60%	38%
U-2021-12-27-T2022	2.60%	36%
U-2021-12-27-T2023	3.30%	37%
U-2021-12-28-T2021	1.60%	38%
U-2021-12-28-T2022	2.80%	36%
U-2021-12-28-T2023	3.30%	37%
U-2021-12-30-T2021	1.50%	38%
U-2021-12-30-T2022	3.00%	36%
U-2021-12-30-T2023	3.30%	37%

The Company's shares have a very short trading history. Therefore, volatility calibrations were made on the basis of historical quotations of similar companies indicated by the Entity as those meeting the requirements of IFRS 2. The companies used for this purpose are Flutter Entertainment (FLTR), Entain (ENT), Kindred Group (KIND). The unit makes a reservation that these are not companies with the same profile as STS Holding S.A. and they have been indicated only for the purpose of calibrating the volatility of shares. The calibration period was each time adjusted to the expected maturity of a given allowance.

The parameters were calibrated in accordance with the commonly used mathematics and financial statistics methodology.

The expenses recognized as employee benefits related to the granted rights to acquire the Company's shares during the period from March 10, 2021 to December 31, 2021 are presented in the table below:

(all figures are presented in PLN, unless otherwise stated)

	10.03-31.12.2021
Total cost of a share-based payment settled in equity instruments - applies to the program for Members of the Management Board of STS Holding S.A.	3,598,000
Total cost of a share-based payment settled in cash	-
Total cost of a share-based transactions recognized as assets - applies to for subsidiary employee plan	319,102
Total - the cost of a share-based payment	**3,917,102**

The amount of PLN 319,000 was recognized in the separate financial statements as assets due to the allocation of shares in the Company to the employees of subsidiaries. In this case, that amount was capitalized as an increase in investments in subsidiaries.

The table below shows the balance and the weighted average share price as on the balance sheet date:

2021	Number of shares	Weighted average price
Balance as on Dec 31, 2021	673,000	22.72278
options exercisable at the end of the period	291,000	24.27804

The valued allowances are shares that are purchased immediately on the grant date and therefore have been valued based on their market price. The valuation was based on the assumptions adopted by the Company:

For allowance U-2021-10-21 - valuation date October 21, 2021; the price of the underlying asset on that date is: 26.70.

The fair value of individual allowances in PLN is presented in the table below:

Incentive program	Date of valuation	fair value (A)	number of allowances (B)	liability value (A*B)
U-2021-12-21-T2021	21.12.2021	22.91	31,000	710,210.00
U-2021-12-21-T2022	21.12.2021	21.96	35,000	768,600.00
U-2021-12-21-T2023	21.12.2021	21.04	39,000	820,560.00
U-2021-12-22-T2021	22.12.2021	23.11	69,000	1,594,590.00
U-2021-12-22-T2022	22.12.2021	22.16	88,000	1,950,080.00

(all figures are presented in PLN, unless otherwise stated)

U-2021-12-22-T2023	22.12.2021	21.24	97,000	2,060,280.00
U-2021-12-23-T2021	23.12.2021	23.21	15,000	348,150.00
U-2021-12-23-T2022	23.12.2021	22.26	18,000	400,680.00
U-2021-12-23-T2023	23.12.2021	21.36	21,000	448,560.00
U-2021-12-27-T2021	27.12.2021	22.51	17,000	382,670.00
U-2021-12-27-T2022	27.12.2021	21.56	19,000	409,640.00
U-2021-12-27-T2023	27.12.2021	20.66	21,000	433,860.00
U-2021-12-28-T2021	28.12.2021	22.91	9,000	206,190.00
U-2021-12-28-T2022	28.12.2021	21.96	9,000	197,640.00
U-2021-12-28-T2023	28.12.2021	21.06	9,000	189,540.00
U-2021-12-30-T2021	30.12.2021	22.51	10,000	225,100.00
U-2021-12-30-T2022	30.12.2021	21.57	12,000	258,840.00
U-2021-12-30-T2023	30.12.2021	20.66	14,000	289,240.00
Total:			533,000	11,694,430.00
Series C shares				
U-2021-10-21	21.10.2021	25.7	140,000	3,598,000.00
Total:			140,000	3,598,000.00
TOTAL:				15,292,430.00

NOTE 25. SALARIES OF SENIOR MANAGEMENT AND THE SUPERVISORY BOARD

Data regarding salaries of Members of the Management Board and Supervisory Board of the Company who have been identified as key management personnel in accordance with IAS 24 is presented below.

There were no long-term or post-employment benefits, and no benefits due to termination of employment.

(all figures are presented in PLN, unless otherwise stated)

The remuneration of the members of the Management Board of STS Holding S.A. in 2021 consisted only of fixed remuneration and additional benefits. In 2021, members of the Management Board of STS Holding S.A. received remuneration for employment contracts, appointments, management contracts or other civil law contracts with companies belonging to the Group of Companies.

Additional benefits granted to Members of the Management Board of STS Holding S.A. by the Supervisory Board included in particular: putting the Company's equipment into use, including a company car (also for private use), the right to subsistence allowances and covering business travel costs, co-financing of additional medical care for Member of the Management Board, co-financing of tickets for sports activities.

Benefits paid to the Members of the Management Board

Specification	10.03.2021 - 31.12.2021
Remuneration of the Members of the Management Board of the parent company	888,033

Members of the Supervisory Board of STS Holding S.A. in 2021 received remuneration in respect of the appointment.

Members of the Supervisory Board of STS Holding S.A. in 2021 received a fixed remuneration differentiated depending on the function performed (e.g. for the function of the Chairman or Vice-Chairman of the Supervisory Board, or a member of the Audit Committee).

Benefits paid to the Members of the Supervisory Board

Specification	10.03.2021 – 31.12.2021
Remuneration of the Members of the Supervisory Board	19,161

NOTE 26. EMPLOYMENT

The average annual employment structure in the Group on the balance sheet date is as follows:

Specification	31.12.2021
Manual workers	-
White-collar workers	2
Total number of employees	**2**

Employee rotation

Specification	10.03.2021– 31.12.2021
Number of employees hired	2
Number of employees terminated	-
Difference	2

NOTE 27. SEASONALITY

No operating activities are conducted by the Company.

NOTE 28. DISCONTINUED OPERATIONS

There were no discontinued operations in the periods covered by these historical financial information.

NOTE 29. CAPITAL MANAGEMENT

The main goal of capital management in the STS Holding S.A. is maintaining the structure of equity and liabilities which will ensure the development and security of the Company's operations and at the same time enable it to obtain dividends expected by the shareholders.

There were no changes in the goals, rules and processes in the capital management area of the Group in the period ended December 31, 2021.

The Company monitors its capital position using a leverage ratio, which is the ratio of net debt (total liabilities excluding provisions less cash and cash equivalents) to the equity.

The structure of net debt, equity and the leverage ratio is as follows:

(all figures are presented in PLN, unless otherwise stated)

Specification	31.12.2021
Liabilities due to credits and loans	-
Right-of-use liabilities	17,056
Trade liabilities	2,237,385
Other liabilities	89,161
Less cash and cash equivalents	-64,117,743
Net Financial Debt	-61,774,141
Equity	3,056,696,333
Equity and net debt	2,994,922,192
Leverage ratio	-2.02%

NOTE 30. BUSINESS COMBINATIONS

In the period from March 10 to December 31, 2021, the company did not merge with other companies

NOTE 31. TAX SETTLEMENTS

Regulations on tax goods and services tax, corporate and personal income tax or social security contributions are subject to modifications, as a result of which there is often no reference to established regulations or legal precedents. Also, applicable regulations include ambiguities that cause differences in opinions as to the legal interpretation of tax regulations both between government bodies and between companies and government bodies. Tax and other settlements (e.g. customs or foreign currency settlements) may be subject to control by bodies that are authorized to impose high fines, any additional tax liabilities resulting from the control must be paid together with high interest. Due to these phenomena, the tax risk in Poland is higher than usual tax risk in the countries with more developed tax regimes.

NOTE 32. REMUNERATION OF THE AUDITING COMPANY

The table below presents the remuneration of the entity authorized to audit financial statements, paid or due for the year ended December 31, 2021 broken down by type of services:

Service type	Period ended Dec 31, 2021
Audit of the annual financial statements for 2021	25,830

(all figures are presented in PLN, unless otherwise stated)

Audit of the consolidated financial statements for 2021	73,800
Assessment of the Supervisory Board's payroll report for 2021	6,150
Other	418,528
Total, including:	**524,308**
- due as at the balance sheet date	85,382
- paid as on the balance sheet date	438,926

NOTE 33. EVENTS AFTER THE BALANCE SHEET DATE

After the balance sheet date, there were no events that would affect these financial statements.

NOTE 34. THE IMPACT OF COVID ON THE COMPANY'S OPERATIONS

In 2021, the Company has not experienced a direct impact of the pandemic on its financial results.

The Management Board of the Company did not find any material uncertainty related to the going concern of the Company resulting from the COVID-19 pandemic. In making the assessment, the Management Board analyzed possible negative scenarios that may affect future cash flows, availability of financing, planned revenues and financial results, as well as postponing the completion dates of certain contracts.

NOTE 35. THE IMPACT OF THE WAR IN UKRAINE ON THE COMPANY'S OPERATIONS

The Company's operations are and may be affected in the future by the armed conflict that commenced on a large scale between Russia and Ukraine. The war may have serious consequences for the Polish economy.

Currently, it is difficult to precisely estimate the impact of the war in Ukraine on the Company’s operations, however, as at the date of approval of these financial statements, the Management Board has not identified any circumstances that would pose a threat to the Company continuing as going concern. Due to the complexity of the situation and the possibility of many scenarios being realizes, the development of the situation will be monitored on an ongoing basis.

Katowice, April 27, 2022

Mateusz Juroszek
President of the Management Board of STS Holding

Zdzisław Kostrubała
Member of the Management Board of STS Holding S.A.

Marcin Walczysko
Member of the Management Board of STS Holding S.A.

Bożena Gwiazda
Chief Accountant