



Interim summary consolidated financial statements of STS Holding Spółka Akcyjna Group of Companies

for the period from January 1 to June 30, 2022

Katowice, September 14, 2022

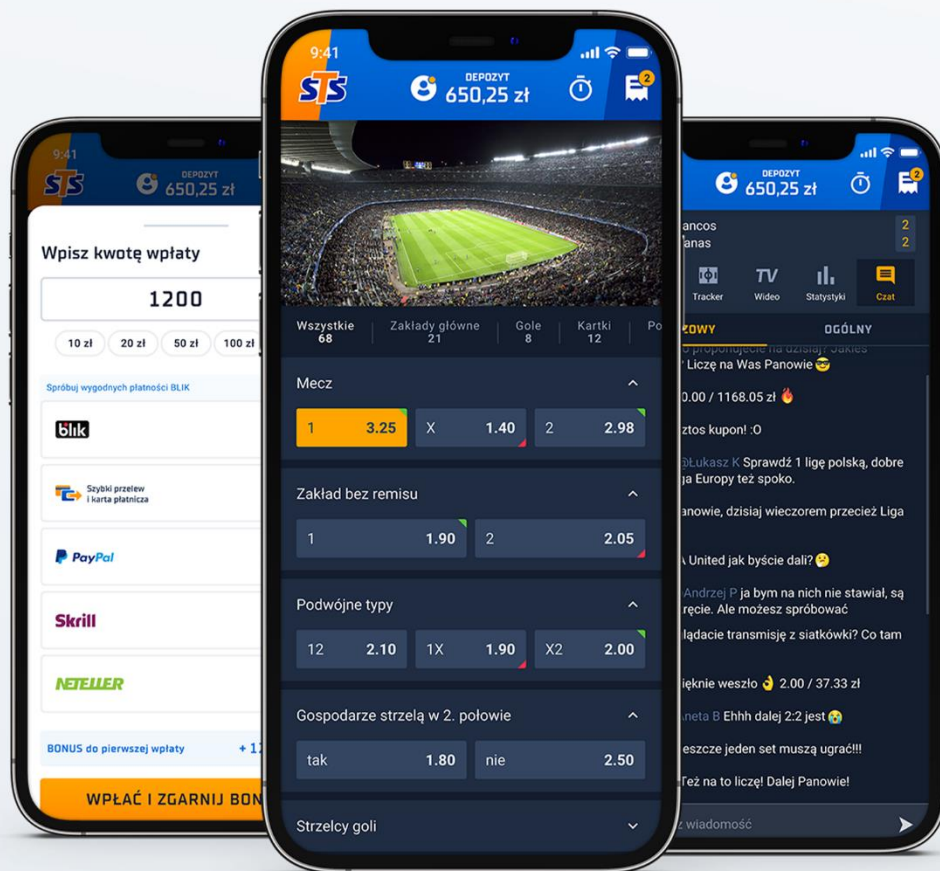


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I. General information



1. Details of the Parent Entity

Name of the Reporting Entity or other identifying information: **STS Holding Spółka Akcyjna (STS Holding S.A.)**

Seat of the entity: Katowice, ul. Porcelanowa 8 (postal code 40-246)

Legal form of the entity: Spółka Akcyjna [joint stock company]

State of registration: Poland

Registered office address of the entity: Katowice, ul. Porcelanowa 8

Principal place of business: Katowice, ul. Porcelanowa 8

Description of the nature and basic scope of activity: holding company

Name of the parent entity: **STS Holding S.A.**

The company STS Holding S.A. 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 Katowice - Wschód in Katowice, 8th Commercial Division of the National Court Register, KRS number: 0000898108.

The Parent Entity was assigned REGON (National Business Registry Number) 388903879 and NIP (Tax Identification Number): 527-295-67-61.

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].

The first listing of the Company on the regulated market took place on December 10, 2021.

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

2. Duration of the Group of Companies

The Parent Company STS Holding S.A. and other entities of the Group of Companies were established for an indefinite period.

3. Financial statements containing aggregate data

In the period from January 1, 2022 to June 30, 2022, the Company's enterprise did not include any internal organizational units that would prepare their separate financial statements, therefore the Parent Company did not prepare aggregate financial statements.

4. Description of activities of STS Holding S.A.

Founded in 1997, STS is the largest bookmaking company in Poland, which also operates on the international market.

The Group is licensed in the UK and Estonia, from which it offers services on several markets. The portfolio of the Group includes sports betting, Virtual Sports, online casino (excluding Poland), BetGames and a wide range of eSports.

The Group provides online services not only via the desktop website, but also through its mobile version, as well as dedicated Android and iOS applications and a network of approx. 400 retail betting shops across Poland. The Group is continuously improving its offering by, among others, providing more live bets and strengthening its leading position in the field of eSports. The Group has also created its own withdrawal system – STSpay – allowing quick transfers 24/7. The Group additionally owns Betsys – the company providing betting engine.

Thanks to effective 24/7 customer service, the Group can respond to increasing customer needs. Also, the Group offers live broadcasts of sports events via STS TV, also available to users of mobile devices. Every month, the Company broadcasts nearly 5,000 sports events, including, among others, football, tennis, volleyball, basketball and other sports.

The Group is actively involved in supporting Polish sport, being the largest private entity on the domestic sponsorship market. The Group is the official sponsor of the Polish National Football Team, the strategic sponsor of Lech Poznań, the main sponsor of Jagielonia Białystok and the official bookmaker of Zagłębie Lubin, Widzew Łódź, Lechia Gdańsk, Polish Volleyball League and other clubs and sports associations. The Group also supports eSports.

The company STS S.A. has modern betting outlets, which are located in every major city in Poland - there are over 400 of them in total throughout the country.

The Group has over 1,500 employees.

In February 2019, the Group started operating on European markets. Outside Poland, STS.BET Ltd in Malta is licensed in the UK and Estonia, from which it offers services on several markets. The group is the first Polish bookmaker to start operating abroad. In addition, the Group operates in the Czech Republic (Betsys s.r.o.) and Malta (STS Gaming Group Ltd and STS.BET Ltd). Additionally, the Group is looking at the Dutch market and is considering applying for a license to organize gambling games in this country. The Group remains focused on Poland, but it expects its international offering, including its online casino, to be a growing and important part of the Group's operations in the future. The company also does not rule out the interest in new directions of foreign expansion and the commercialization of the Betsys system in order to offer it to other bookmaking operators in Central and Eastern Europe, in the markets where the Group is not operating.

5. Periods presented

The interim summary consolidated financial statements were prepared as on June 30, 2022 and they cover a period of 6 months, i.e. from January 1, 2022 to June 30, 2022.

For the data presented in the interim summary consolidated statement of financial position and off-balance sheet items, comparable financial data as on December 31, 2021 are presented.

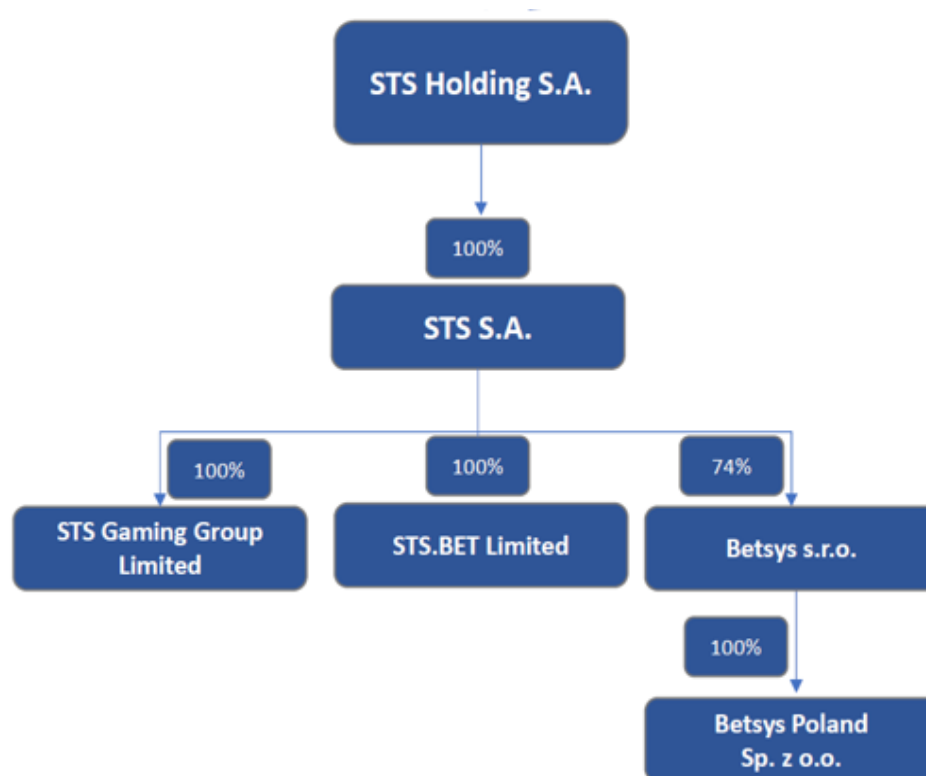
For the data presented in the interim summary consolidated statement of comprehensive income, the interim consolidated statement of changes in equity and the interim consolidated cash flow statement, comparable financial data for the period from January 1, 2021 to June 30, 2021 are presented.

6. Subsidiaries

The interim summary consolidated financial statements for the reporting year ended June 30, 2022 cover the following subsidiaries:

Name	Registered address	Registration data	Scope of business operations	Share capital (PLN)	Percentage share in capital	Percentage share in voting rights
STS Spółka Akcyjna	Katowice, ul. Porcelanowa 8	National Court Register: 0000829716	Betting	4,486,000	100%	100%
STS Gaming Group Limited	Malta, Pieta, 177/179 Triq Marina	C 68747	Bookmaker service provider	48,039,452	100%	100%
STS BET Limited	Malta, Pieta, 177/179 Triq Marina	C 77195	Betting	16,925,697	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	5,000	74%	74%

7. Structure of the Group of Companies



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8. Business combination and loss of control

In the reporting period from January 1, 2022 to June 30, 2022, no business combination took place.

9. Composition of the governing bodies of the Parent Entity

As on June 30, 2022 and as on the date of preparation of the interim summary consolidated financial statements, the Management Board of the Parent Entity consists of the following persons:

Marcin Sylwester
Walczyński
Member of the Management
Board

**Mateusz Zbigniew
Juroszek**
President of the Management
Board

Zdzisław Jan
Kostrubała
Member of the Management
Board

As on June 30, 2022 and as on the date of preparation of the consolidated financial statements, the Management Board of the Parent Entity consists of the following persons:

Maciej Fijak
Chairman of the Supervisory
Board

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

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

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

Krzysztof Krawczyk
Member of the Supervisory
Board

In the period from January 1, 2022 to June 30, 2022, there were no changes in the composition of the Company's Management Board and Supervisory Board.

10. Going concern assumption

These interim summary consolidated financial statements have been prepared on the assumption that the Group 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.

Until the date of preparation of these interim summary consolidated financial statements for the period from January 1 to June 30, 2022, the Management Board of the Parent 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 interim summary consolidated financial statements do not include any material events relating to previous years.

11. Declaration of the Management Board

The Management Board of the Parent Entity declares that, to the best of its knowledge, these interim summary consolidated financial statements and comparative data have been prepared in accordance with the accounting principles applicable to the Group and give a true, clear and fair view of the property and financial position of the Group and its financial result.

The interim summary consolidated financial statements have been prepared on the basis of the historical cost principle, except for the financial instruments and defined retirement benefit plans and incentive programs, measured at fair value.

The interim summary consolidated financial statements has been prepared on the assumption that the Group will continue as a going concern in the foreseeable future.

The interim summary consolidated financial statements of the Group of Companies cover the period of 6 months ended June 30, 2022 and were prepared in accordance with IAS 34 Interim Financial Reporting.

The interim summary consolidated financial statements do not contain all the information that is disclosed in the annual consolidated financial statements prepared in accordance with IFRS. These interim summary consolidated financial statements should be read together with the consolidated financial statements of the Group of Companies for 2021, approved for publication on 27 April 2021.

The reporting currency of these interim summary consolidated financial statements is Polish zloty, and all amounts are expressed in Polish zloty (unless indicated otherwise).

The Group did not disclose any forecasts of results for 2022 and the following years.

12. The approval of the interim summary consolidated financial statements for publication

These interim summary consolidated financial statements were approved for publication by the Management Board of the Parent Entity on September 14, 2022.

II. Interim summary consolidated statement of comprehensive income



Specification	Note	Jan 1, 2022 – Jun 30, 2022	Jan 1, 2021 – Jun 30, 2021
Betting revenue	8	262,973,185	261,637,958
Revenue from sales	8	29,979	494,919
Other operating revenue	10	552,368	1,748,271
Amortization and depreciation	9	12,540,320	11,013,083
Consumption of materials and energy	9	5,103,648	6,757,133
External services	9	94,110,669	86,222,459
Taxes and charges	9	57,585	54,099
Employee benefits	9	51,784,433	42,377,232
Other costs by type	9	781,342	1,086,082
Other operating expenses	10	11,958,510	4,393,301
Profit (loss) on operating activities		87,219,025	111,977,759
Financial revenues	11	3,043,816	2,706,261
Financial expenses	11	1,300,110	2,610,094
Profit (loss) before tax		88,962,731	112,074,926
Income tax	12	21,915,398	23,661,322
Net profit (loss) from continuing operations		67,047,333	88,413,604
Profit (loss) from discontinued operations		-	-
Net profit/loss		67,047,333	88,413,604
Profit (loss) attributable to the shareholders of the parent entity		61,963,566	86,792,600
Net profit (loss) attributable to non-controlling interests		5,083,767	1,621,004
Other total income		-604,863	-329,373
Items not transferred to profit and loss			
Items transferred to profit or loss		-604,863	-329,373
- Foreign exchange differences on translation of foreign operations		-604,863	-329,373
Comprehensive income		66,442,470	88,084,231
Comprehensive income attributable to:			
- shareholders of the parent entity		61,358,703	86,463,227
- non-controlling entities		5,083,767	1,621,004
Profit (loss) per share (in PLN)			
Basic for the financial period	14	0.43	0.57
- From continuing operations	14	0.43	0.57
- From discontinued operations		-	-
Diluted for the financial period	14	0.43	0.57
- From continuing operations	14	0.43	0.57
- From discontinued operations		-	-

III. Interim summary consolidated statement of financial position



ASSETS	Note	30.06.2022	31.12.2021
Non-current assets		108,552,204	102,993,291
Tangible fixed assets	15	31,729,445	30,550,219
Intangible assets	17	17,026,822	7,788,015
Goodwill		11,515,210	11,515,210
Right-of-use assets	16	33,785,468	38,923,797
Deferred tax assets	13	1,063,494	851,205
Non-current prepayments and non-current accrued income		2,865,692	2,817,999
Other financial assets		10,566,073	10,546,846
Current Assets		216,911,325	163,859,794
Inventory		95,618	4,524
Trade and other receivables		18,249,482	16,404,261
Other financial assets		727,897	1,017,839
Cash and cash equivalents		197,838,328	146,433,170
TOTAL ASSETS		325,463,529	266,853,085

LIABILITIES	Note	30.06.2022	31.12.2021
Equity		115,035,227	105,401,310
Share capital of the parent entity		110,941,065	101,939,548
Share capital	21	156,534,958	156,389,998
Other reserve capitals		8,006,521	3,195,596
Retained earnings		-53,600,414	-57,646,046
Non-controlling shareholders' capital		4,094,162	3,461,762
Long-term liabilities		17,161,802	23,155,144
Right-of-use liabilities	16	16,749,810	22,630,266
Deferred income tax provisions	13	-	-
Provisions for pensions and similar benefits	24	411,992	524,878
Current Liabilities		193,266,500	138,296,631
Liabilities due to credits and loans		-	-
Right-of-use liabilities	16	17,997,459	17,373,996
Trade liabilities		12,537,782	16,236,637
Current income tax liabilities		4,490,997	2,923,292
Other liabilities		155,266,376	99,284,722
Provisions for pensions and similar benefits	24	2,685,082	2,292,807
Other provisions	24	288,804	185,177
Total liabilities		210,428,302	161,451,775
TOTAL LIABILITIES AND EQUITY		325,463,529	266,853,085

IV. Interim summary consolidated statement of changes in equity



Specification	Share capital	Surplus of the issue price above the nominal value of shares	Other capitals	Retained earnings	Share capital of the parent entity	Share capital of non-controlling shareholders	Total equity
Equity as on Jan 1, 2022	156,389,998	-	3,195,596	-57,646,046	101,939,548	3,461,762	105,401,310
Changes in accounting principles (policy)	-	-	-	-	-	-	-
Equity after adjustments	156,389,998	-	3,195,596	-57,646,046	101,939,548	3,461,762	105,401,310
Increase in share capital	144,960	-	-	-	144,960	-	144,960
Payment of dividends	-	-	-	-57,917,934	-57,917,934	-4,451,367	-62,369,301
Pricing of the incentive program	-	-	5,415,788	-	5,415,788	-	5,415,788
Other comprehensive income	-	-	-604,863	-	-604,863	-	-604,863
Net profit/loss for the accounting year	-	-	-	61,963,566	61,963,566	5,083,767	67,047,333
Sum of capital changes	144,960	-	4,810,925	4,045,632	9,001,517	632,400	9,633,917
Equity as on Jun 30, 2022	156,534,958	-	8,006,521	-53,600,414	110,941,065	4,094,162	115,035,227

Specification	Share capital	Surplus of the issue price above the nominal value of shares	Other capitals	Retained earnings	Share capital of the parent entity	Share capital of non-controlling shareholders	Total equity
Equity as on Jan 1, 2021	2,496,000	-	662,063	90,986,206	94,144,269	4,788,003	98,932,272
Changes in accounting principles (policy)	-	-	-	-	-	-	-
Equity after adjustments	2,496,000	-	662,063	90,986,206	94,144,269	4,788,003	98,932,272
Increase in share capital	100,000	-	-	-	100,000	-	100,000
Payment of dividends	-	-	-	-119,565,173	-119,565,173	-5,773,668	-125,338,841
Pricing of the incentive program	-	-	-	-	-	-	-
Reorganization of the STS Holding S.A. Group of Companies	-2,496,000	-	-1,990,000	341,297	-4,144,703	-	-4,144,703
Other comprehensive income	-	-	-329,373	-	-329,373	-	-329,373
Net profit/loss for the accounting year	-	-	-	86,792,600	86,792,600	1,621,004	88,413,604
Sum of capital changes	-2,396,000	-	-2,319,373	-32,431,276	-37,146,648	-4,152,664	-41,299,313
Equity as on Jun 30, 2022	100,000	-	-1,657,310	58,554,930	56,997,621	635,339	57,632,959

V. Interim summary consolidated statement of cash flows



Specification	Jan 1, 2022 – Jun 30, 2022	Jan 1, 2021 – June 30, 2021
Profit (loss) before tax	88,962,731	112,074,926
Total adjustments:	13,415,385	23,405,262
Amortization and depreciation	12,540,320	11,013,083
Exchange gains/(losses)	-604,863	-160,067
Interest and profit sharing	-446,682	476,798
Profit/(loss) on investment activity	347,560	-2,610,205
Change in provisions	383,016	68,977
Change in the balance of inventories	-91,094	-75,851
Change in the balance trade and other receivables	-2,105,205	-923,628
Change in short-term liabilities, excluding credits and loans	-2,023,455	15,616,155
Other adjustments	5,415,788	-
Total: Gross cash flows from operating activities	102,378,116	135,480,188
Income tax paid	-21,854,022	-26,623,025
Net cash flows from operating activities	80,524,094	108,857,163
INVESTMENT ACTIVITIES		
Disposal of intangible and legal assets and property, plant and equipment	169,402	29,810
Disposal of financial assets	-	144,033,314
Interests	916,020	34,173
Purchase of intangible assets and tangible fixed assets	-16,569,255	-10,216,060
Expenses of financial assets	-	-36,921,897
Net cash flows from investment activity	-15,483,833	96,959,340
FINANCIAL ACTIVITIES		
Net inflow from insurance of shares and other equality instruments and contributions to capital	144,960	100,000
Credits and loans	-	1,786,800
Repayment of credits and loans	-	-300,000
Dividends paid	-4,451,367	-125,338,841
Payment of liabilities arising from financial leases	-8,565,434	-9,195,844
Interest paid	-546,184	-488,573
Other revenue/financial expenditure	-217,078	-170,600
Net cash flows from financial activities	-13,635,103	-133,607,058
Change in cash and cash equivalents before the effects of exchange rate differences	51,405,158	72,209,445
Foreign exchange gains / losses on the valuation of cash, cash equivalents and overdrafts	-	-
Balance sheet change in cash:	51,405,158	72,209,445
Cash opening balance	146,433,170	48,652,271
Cash at the end of the period (F + D), including:	197,838,328	120,861,716
- of limited disposability	104,437	9,299,090

In the item "other adjustments", the valuation of the incentive program is presented, recognized in the equity of the Group.

The change in the balance of restricted cash results from the asset write-down made on June 30, 2022, related to the blockade and security, described in more detail in Note 20.

VI. Selected financial data converted into EUR

Selected financial data converted into EUR	PLN		EUR	
	Jan 1, 2022 - June 30, 2022	Jan 1, 2021 - June 30, 2021	Jan 1, 2022 - June 30, 2022	Jan 1, 2021 - June 30, 2021
Betting revenue	262,973,185	261,637,958	56,642,295	57,538,256
Other revenue from sales	29,979	494,919	6,457	108,840
Operating expenses	164,377,997	147,510,088	35,405,690	32,439,762
Profit/(loss) on operating activities	87,219,025	111,977,759	18,786,272	24,625,651
Profit/(loss) before tax	88,962,731	112,074,926	19,161,852	24,647,019
Net profit / (loss) attributable to the parent entity	61,963,566	86,792,600	13,346,451	19,087,043
Net cash flow from operating activities	80,524,094	108,857,163	17,344,238	23,939,383
Net cash flows from investment activity	-15,483,833	96,959,339	-3,335,092	21,322,867
Net cash flows from financial activities	-13,635,103	-133,607,057	-2,936,891	-29,382,270
Total net cash flows	51,405,158	72,209,445	11,072,255	15,879,980
Number of shares in thousands	156,535	156,250	156,535	156,250
Profit/(loss) per share (in PLN/EUR)	0.43	0.57	0.09	0.12
Diluted profit/(loss) per share (in PLN/EUR)	0.43	0.57	0.09	0.12
Book value per share (in PLN/EUR)	0.74	0.37	0.16	0.08
Diluted book value per share (in PLN/EUR)	0.74	0.37	0.16	0.08

	PLN		EUR	
	Jan 1, 2022-Jun 30, 2022	Jan 1, 2021-Dec 31, 2021	Jan 1, 2022-Jun 30, 2022	Jan 1, 2021-Dec 31, 2021
Total assets	325,463,529	266,853,085	69,534,574	58,019,108
Liabilities and provisions for liabilities	210,428,302	161,451,775	44,957,549	35,102,791
Non-current liabilities	17,161,802	23,155,144	3,666,582	5,034,384
Current liabilities	193,266,500	138,296,631	41,290,967	30,068,407
Equity	115,035,227	105,401,310	24,577,026	22,916,317
Share capital	156,534,958	156,389,998	33,443,353	34,002,261

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

The items of the interim consolidated statement of comprehensive income and the interim consolidated cash flow statement have been converted at the exchange rates 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 rates were respectively: PLN/EUR 4.6427 from January 1 to June 30, 2022 and PLN/EUR 4.5472 from January 1 to June 30, 2021. The items of assets and liabilities of the interim consolidated statement of financial position have been converted at the EUR exchange rates announced by the National Bank of Poland, applicable on the last day of the reporting period. The rates were, respectively: 4.6806 PLN/EUR as on June 30, 2022 and 4.5994 PLN/EUR as on December 31, 2021.

VII. Additional information and notes concerning the interim summary consolidated financial statements

1. Summary of the accounting policy

These interim summary consolidated financial statements have been prepared in accordance with the accounting principles that were presented in the last consolidated financial statements of the Group for the year ended December 31, 2021, except for the changes described below resulting from the entry into force of new standards, interpretations and amendments to standards.

Amendments to IFRS 9, examples for IFRS 16, IAS 41 under the Annual Improvements 2018 – 2020:

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, which raised doubts with respect to interpretation, was removed from example 13;

IAS 41: the prohibition to recognize tax flows in measurement of biological assets was deleted.

The amendments apply to annual periods commencing on or after January 1, 2022 (except for the amendment to the example in IFRS 16, which applies from the moment of publication).

The above changes did not affect these financial statements.

Amendment to IAS 16 "Tangible fixed assets"

It was clarified that production carried out as part of pre-use testing of a tangible asset should be recognized as (1) inventory, in accordance with IAS 2, and (2) revenue, when the asset is sold (and should not affect the value of the tangible asset). Testing of a tangible asset is a component of that asset's cost. The amendment applies to annual periods commencing on or after January 1, 2022.

The above change did not affect these financial statements.

Amendment to IAS 37 "Provisions, contingent liabilities and contingent assets"

It was clarified that the costs of fulfilment 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. The amendment applies to annual periods commencing on or after January 1, 2022.

The above change did not affect these financial statements.

Amendment to IFRS 3 "Business combinations"

References to definitions of liabilities found in the framework and to the definition of contingent liabilities found in IAS 37 were clarified. The amendment applies to annual periods commencing on or after January 1, 2022.

The implementation of the above-mentioned standards and changes to the existing standards did not affect the Company's interim financial statements.

Amendment to IFRS 16 "Leases"

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. The amendment applies to annual periods commencing on or after April 1, 2021, with the possibility of earlier application.

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.

2. Judgments and estimations made

When preparing the interim summary consolidated financial statements, the Management Board of the Parent Company uses its judgment in making numerous estimates and assumptions that affect the applied accounting principles and the presented values of assets, liabilities, revenue and costs. The actually realized values may differ from those estimated by the Management Board.

Information concerning the estimates and assumptions that are significant for the interim summary consolidated financial statements is presented in the consolidated financial statements for 2021.

As of January 1, 2022, the Group changed its estimate for the determination of the marginal discount rate used to discount cash flows resulting from new concluded lease agreements. The marginal interest rate that was used to discount cash flows resulting from new lease agreements concluded for an indefinite period was determined using the judgment of the Group's management that is based on easily observable loan rates with a payment profile similar to the lease. For this purpose, the management of the Group analyzed the possible interest rates on loans for financing the purchase of premises based on the offers collected from the banks cooperating with the Group. 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 5%. That change did not have a significant impact on the financial data for the period covered by these interim consolidated financial statements.

3. Corrections of errors and changes in the accounting principles

There were no errors that require correction in the interim summary consolidated financial statements. The Group also did not make any changes to its accounting policy in relation to the principles applied in the annual report for 2021.

4. Information on operating segments, geographical areas and key customers

The Group identifies two primary operating segments of its business. These are:

- retail segment,
- the online betting segment.

With respect to the aforementioned components of the Group's activities:

- there is an involvement in business activities, which means that it is possible to gain revenue and incur costs,

- results of activities are regularly reviewed by the Parent's Management Board, which uses them to make decisions on resources allocated to a given segment and in assessment of segment performance,
- separate financial information is available.

Segments are identified on the basis of the service distribution channel criterion. Both segments involve betting on the outcome of sports events. In case of the retail segment, customers conclude bets through physical presence in a sales establishment. With respect to the online segment, customers conclude bets via a website.

Poland is the geographical area for both segments.

Operating segments were not combined in any way.

The Group does not identify as an operating segment its other revenue-generating activities due to their irrelevance for the overall business.

5. Revenue recognition

Recognition and measurement of revenue from the Group's core business, i.e. revenue from plants, are regulated by IFRS 9 Financial Instruments. Sports bets staked by the Company with a customer are derivative instruments that are recognized and measured using IAS 32 Financial Instruments: Presentation and IFRS 9 Financial Instruments. The amounts staked are classified as financial instruments measured at fair value through profit or loss.

Revenue from bets is recognized in the statement of comprehensive income on a net basis, i.e. amounts staked are reduced by the costs of paid out winnings and the gambling and lottery tax.

Revenue from the sale of other services (mainly services related to the organization of bookmaking) and revenue from the sale of goods and materials constitute revenue from contracts with customers within the scope of IFRS 15. The method of recognizing this revenue from sales in the Group's interim summary consolidated financial statement, including both the value and the timing of revenue recognition, is set out in a five-step model that includes the following steps:

- identification of the customer contract,
- identification of performance obligations,
- determination of the transaction price,
- assigning the transaction price to performance obligations,
- recognition of revenue on or after the fulfillment of performance obligations.

6. Seasonality of operations

There is no seasonality in the area of the Group's operations.

7. Operating segments

The Group has distinguished operating segments based on sales channels. The segments shown correspond to internal reports regularly provided to key decision makers. The segments identified by the Group and their financial data are presented below.

Information on individual operating segments in the period from January 1 to June 30, 2022:

For the period from Jan 1, 2022 to June 30, 2022	Retail segment	Betting segment on-line	Values not assigned to segments	Total
Segment's total revenue	53,336,749	209,916,088	302,695	263,555,532
Revenue from external customers (from the sale of games and bets)	53,214,813	209,758,372	-	262,973,185
Other sales	-	-	29,979	29,979
Other operating revenue	121,936	157,716	272,716	552,368
Operating expenses, including:	48,975,036	109,334,481	6,068,480	164,377,997
<i>expenses by type</i>	41,746,438	104,038,044	6,053,195	151,837,677
<i>amortization and depreciation</i>	7,228,598	5,296,437	15,285	12,540,320
Other operating expenses	574,366	11,134,584	249,560	11,958,510
Segment's operating result	3,787,347	89,447,023	-6,015,345	87,219,025
Financial revenues	-	-	3,043,816	3,043,816
Financial expenses	546,339	217,082	536,689	1,300,110
Profit before tax	3,241,008	89,229,941	-3,508,218	88,962,731
Income tax	-	21,915,398	-	21,915,398
Net profit on continuing operations	3,241,008	67,314,543	-3,508,218	67,047,333
Segment assets as on Jun 30, 2022	35,317,345	33,677,724	256,468,460	325,463,529
Segment liabilities as on Jun 30, 2022	34,754,489	65,555,344	110,118,469	210,428,302

Information on individual operating segments in the period from January 1 to June 30, 2021:

For the period from Jan 1, 2021 to June 30, 2021	Retail segment	On-line betting segment	Values not assigned to segments	Total
Segment's total revenue	52,113,155	211,001,180	766,813	263,881,148
Revenue from sales	51,974,700	209,663,258	-	261,637,958
Other sales	-	-	494,919	494,419
Other operating revenue	138,455	1,337,922	271,894	1,748,271
Operating expenses, including:	45,098,670	102,410,955	463	147,510,088
<i>expenses by type</i>	37,929,915	98,566,627	463	136,497,005
<i>amortization and depreciation</i>	7,168,755	3,844,328	-	11,013,083
Other operating expenses	258,450	2,303,602	1,831,249	4,393,301
Segment's operating result	6,756,035	106,286,623	-1,064,899	111,977,759
Financial revenues	-	-	2,707,261	2,707,261
Financial expenses	476,798	224,516	1,908,780	2,610,094
Profit before tax	6,279,237	106,062,107	-266,418	112,074,926
Income tax	-	23,661,322	-	23,661,322
Net profit on continuing operations	6,279,237	82,400,785	-266,418	88,413,604
Segment assets as on Jun 30, 2021	38,112,583	17,555,810	174,844,085	230,512,478
Segment liabilities as on Jun 30, 2021	37,462,883	79,877,555	55,539,081	172,879,519

The costs of the incentive program are presented in amounts not allocated to the segment due to the adopted principle that they are costs related to STS Holding S.A. Income tax was fully allocated to the online segment due to the predominant division of this segment in the Group's gross result.

8. Revenue

Specification of sales revenue and total revenue are as follows:

Specification	Jan 1, 2022 – Jun 30, 2022	Jan 1, 2021 – June 30, 2021
Continuing operations		
Betting revenue, including:	262,973,185	261,637,958
- value of amounts staked*	2,189,461,394	2,221,682,597
- value of winnings paid out	1,641,545,815	1,672,119,729
- bonuses provided to customers	33,381,015	33,853,134
- gambling and lottery tax	251,561,380	254,071,775
Revenue from sales of services	27,979	490,312
Revenue from sale of goods and materials	2,000	4,607
Total revenue from sales	263,003,164	262,132,877
Other operating revenue	552,368	1,748,271
Financial revenues	3,043,816	2,707,261
Total revenues from continuing operations	266,599,348	266,588,409
Revenue from discontinued operations	-	-
Total revenue	266,599,348	266,588,409

* The value of amounts staked represents the customer contributions received for bets placed in a given reporting period, adjusted by amounts contributed by customers in the current period for bets concluded that have not been settled by the balance sheet date, as well as by amounts contributed in the previous period and settled in the current reporting period.

9. Cost of operating activities

The operating costs specification is as follows:

Specification	Jan 1, 2022 – Jun 30, 2022	Jan 1, 2021 – June 30, 2021
Amortization and depreciation	12,540,320	11,013,083
Personnel expenses	51,367,187	41,684,639
Marketing	40,133,932	30,445,817
Costs of organizing bookmaking services	25,957,385	23,432,971
IT expenses	9,116,966	15,409,364
Consent to the use of results	10,913,912	10,818,161
Administrative expenses	2,970,066	3,880,363
Property expenses	2,542,314	2,672,176
Utilities	3,487,300	3,262,305
Transport costs	1,550,286	1,538,474
Other	3,798,329	3,352,735
Total	164,377,997	147,510,088

The value of personnel costs in the period from January 1 to June 30, 2022 was mainly influenced by the recognition of the incentive program settlement in the amount of PLN 5.4 million, as well as an increase in the minimum wage and an increase in the average remuneration in the Group.

From January 1, 2022, Betsys s.r.o. began to capitalize the costs related to updating the software it produces, due to the fact that those costs can be reliably estimated and the Group will achieve economic benefits related to the use of new versions of software. On this account, the value of IT costs in the current period decreased compared to the corresponding period of the previous year.

The increase in the value of marketing costs in the first half of 2022 compared to the first half of 2021 results from the intensification of marketing activities addressed to online customers, mainly in the Polish market.

10. Other operating revenues and expenses

The specification of other operating revenue is as follows:

Other operating revenue	Jan 1, 2022 – Jun 30, 2022	Jan 1, 2021 – June 30, 2021
Profit on disposal of fixed assets	170,208	44,130
Release of write-downs of receivables	10,783	-
Return of free tokens (bonuses) - previous years	47,343	-
Compensation	122,680	162,491
Revenue from contractual penalties	-	150,000
VAT adjustment - previous years	38,170	
Consideration for timely payments to the Tax Office	45,034	46,127
Recognition of disputed claims	-	788,760
Re-invoicing	25,095	7,412
Release of provisions	75,670	472,659
Other	17,385	76,692
Total	552,368	1,748,271

In accordance with the accounting policy, free tokens - i.e. bonuses granted and closed (based on the rules of campaigns and promotions) adjust the costs of winnings in the same period. Free tokens granted in previous years and closed in the current period are recognized in other operating income. In the period from January 1, 2022 to June 30, 2022, the amount of PLN 43 thousand free bets granted in 2021 was recognized in other operating income. In 2021, the amount of PLN 380 thousand of free token granted in 2019 and 1.3 million of free tokens granted in 2020 were recognized in other operating income. That operation took place in December 2021.

The specification of other operating expenses is as follows:

Other operating expenses	Jan 1, 2022 – Jun 30, 2022	Jan 1, 2021 – June 30, 2021
Write-downs for receivables	35,357	785,760
Donations	125,862	154,441
Complaints	279,243	235,263
Costs of repairs	26,521	34,369
Penalties, fines	15,052	13,075
Liquidation of fixed assets	4,358	47,593
Other - costs from previous years	1,178,873	1,107,443
Enforcement and court costs	-	247,289
CIT tax - adjustments for previous years	323,082	-
VAT adjustments from previous years	646,789	1,434,463

Cash write-offs	9,228,194	-
Other operating expenses	95,179	333,605
Total	11,958,510	4,393,301

In connection with the receipt of information on the attachment of a cash claim, STS S.A. entered a write-off of the value of cash in its books as on June 30, 2022. The case is described in further detail in Note 20.

11. Financial revenues and expenses

The specification of financial revenue is as follows:

Financial revenues	Jan 1, 2022 – Jun 30, 2022	Jan 1, 2021 – June 30, 2021
Revenues from interest, including:	1,590,880	130,249
- interest on bank deposits	1,409,499	-
- budget interest - reimbursement	-	72
- interest on loans	-	34,235
- interest on bonds	171,845	95,942
- other interest	9,535	180
Exchange rate differences	1,401,169	-
Profits from participation in investment fund units	-	2,468,426
Revaluation of financial fixed assets	20,383	76,891
Other	31,384	31,695
Total	3,043,816	2,707,261

The specification of the financial expenses is as follows:

Financial expenses	Jan 1, 2022 – Jun 30, 2022	Jan 1, 2021 – June 30, 2021
Interest on loans	-	136,103
Bank interest	-	11,592
Budget interest	145,261	567
Other interest	4,898	74,833
Exchange rate differences	-	1,375,476
Bank fees	217,082	224,516
Interest on lease contracts	546,184	476,798
Bond valuation	85,143	64,000
Losses from participation in investment fund units	-	-
Write-downs for financial assets	289,811	245,946
Other	11,731	263
Total	1,300,110	2,610,094

12. Income tax

The main components of the tax burden for the periods from January 1, 2022 to June 30, 2022 and from January 1, 2021 to June 30, 2021 are as follows:

Income tax shown in the interim summary consolidated statement of comprehensive income	Jan 1, 2022 – Jun 30, 2022	Jan 1, 2021 – June 30, 2021
Current income tax	21,944,352	25,655,745
For the financial year	21,944,352	25,655,745
Adjustments for previous years	-	-
Change in deferred income tax	-28,954	-1,994,423
Associated with the emergence and reversal of temporary differences	-28,954	-1,994,423
Related to the reduction of income tax rates	-	-
Tax burden shown in net profit	21,915,398	23,661,322
Tax burden recognised in other comprehensive income	-	-

13. Income tax assets and liabilities

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

	Jan 1, 2022 – Jun 30, 2022	Jan 1, 2021 – Dec 31, 2021
Deferred tax assets, including those created for:	9,978,705	8,414,052
obligations towards Social Insurance Institution (ZUS)	380,293	354,706
provisions for employee benefits	588,163	535,253
liability due to unpaid winnings	196,536	198,383
right-of-use liabilities	6,564,079	5,388,907
valuation of receivables	299,423	304,861
unpaid wages	133,753	108,414
other	533,451	225,792
provisions	1,124,934	1,142,405
tax loss	158,073	155,331
Deferred tax provisions	8,915,211	7,562,847
right-of-use assets	6,371,874	5,195,554
valuation of investments in TFI units	164,777	16,608
differences between tax and balance sheet depreciation	139,157	144,275
valuation and interest on the loan granted	144,391	-
other	1,707,787	1,729,348
coupons staked	387,225	477,062
Net assets (provision) for deferred tax	1,063,494	851,205

14. Earnings per share

Basic earnings per share are calculated by dividing the net profit for the period attributable to ordinary shareholders of the Group 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	Jan 1, 2022 – Jun 30, 2022	Jan 1, 2021 – June 30, 2021
Net profit on continuing operations	67,047,333	88,413,604
Loss on discontinued operations	-	-
Earnings per share attributable to ordinary shareholders used to calculate diluted earnings per share	67,047,333	88,413,604
The profit shown for the purpose of calculating the value of diluted earnings per share	67,047,333	88,413,604
Number of shares issued	Jan 1, 2022 – Jun 30, 2022	Jan 1, 2021 – June 30, 2021
Weighted average number of shares shown for the purpose of calculating the value of basic earnings per share in pcs.	156,434,848	156,249,998
Earnings per share	0.43	0.57
Adjusted weighted average number of ordinary shares used to calculate diluted earnings per share	156,458,603	156,249,998
Diluted earnings per share	0.43	0.57

For the comparability of data as on June 30, 2021, the number of shares was converted in accordance with the parity applied after the capital increase in 2021.

On September 10, 2021, the Extraordinary General Meeting of the Parent 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 capital increase was registered by the Registry Court on November 4, 2021.

In the period from January 1 to June 30, 2022, the diluting instruments were the rights and subscription warrants allocated under the incentive scheme entitling to acquire the Parent Company's shares in the future. Information on the number of granted allowances can be found in Note 27.

15. Tangible fixed assets

Changes in the balance of tangible fixed assets are presented in the tables below:

Status as on Jun 30, 2022:

Specification	Land	Buildings and structures	Plant and equipment	Means of transport	Other fixed assets	Fixed assets under construction	Total
Gross carrying amount as on Jan 1, 2022	870,922	17,640,615	35,005,588	4,328,406	8,673,708	3,884,546	70,403,785
Increases, due to:	-	1,969,638	2,343,781	885,515	961,447	5,977,011	12,137,392
- acquisition of fixed assets	-	1,964,117	1,181,599	1,065,779	676,059	5,977,011	10,864,565
- other	-	-	1,155,972	-191,131	279,676	-	1,244,517
- currency translation profit (loss)	-	5,521	6,210	10,867	5,712	-	28,310
Decreases, due to:	-	-	-602,852	-335,700	-56,894	-4,066,695	-5,062,141
- liquidation and sale	-	-	-602,852	-335,700	-56,894	-	-995,446
- acceptance for fixed assets	-	-	-	-	-	-4,066,695	-4,066,695
Gross carrying amount as on Jun 30, 2022	870,922	19,610,253	36,746,517	4,878,221	9,578,261	5,794,862	77,479,036
Redemption as on Jan 1, 2022	-	-1,327,140	-29,384,999	-2,853,816	-7,641,980	-	-41,207,935
Increases, due to:	-	-364,849	-2,569,100	-745,024	-167,144	-	-3,846,117
- amortization and depreciation	-	-363,779	-891,499	-542,092	-164,003	-	-1,961,373
- other	-	-	-1,702,739	-193,654	-	-	-1,896,393
- currency translation profit (loss)	-	1,070	25,138	-9,278	-3,141	-	11,649
Decreases, due to:	-	-	598,494	335,700	56,894	-	991,088
- sale and liquidation	-	-	598,494	335,700	56,894	-	991,088
Redemption as on Jun 30, 2022	-	-1,691,989	-31,355,605	-3,263,140	-7,752,230	-	-44,062,964
Write-downs as on Jan 1, 2022	-	-	-	-	-	-34,826	-34,826
Write-downs as on Jun 30, 2022	-	-	-	-	-	-	-
Advance for tangible fixed assets under construction	-	-	-	-	-	9,216	9,216
Net carrying amount as on Jun 30, 2022	870,922	17,918,264	5,390,912	1,615,081	1,826,031	5,769,252	33,390,462
Transfer of leased assets to right-of-use assets	-	-15,627	-	-1,611,734	-	-	-1,627,361
Transferring the balance sheet depreciation adjustment to IFRS	-	-	-	-	-33,656	-	-33,656
Net carrying amount as on Jun 30, 2022 after the transfer	870,922	17,902,637	5,390,912	3,347	1,792,375	5,769,252	31,729,445

As on June 30, 2022, there were no liabilities due to the purchase of property, plant and equipment.

Balance as on Dec 31, 2021:

Specification	Land	Buildings and structures	Plant and equipment	Means of transport	Other fixed assets	Fixed assets under construction	Total
Gross carrying amount as on Jan 1, 2021	870,922	10,683,766	31,124,629	3,878,167	7,850,157	5,779,553	60,187,195
Increases, due to:	-	6,956,849	4,677,724	502,439	1,021,420	9,856,278	23,014,710
- acquisition of fixed assets	-	6,948,304	4,753,824	83,685	1,021,663	9,844,944	22,652,420
- other	-	-	-	403,295	-	-	403,295
- currency translation profit (loss)	-	8,545	-76,701	15,459	-243	11,335	-41,005
Decreases, due to:	-	-	-796,765	-52,200	-197,868	-11,751,286	-12,798,119

- liquidation and sale	-	-	-796,765	-52,200	-197,868	-	-1,046,833
- acceptance for fixed assets	-	-	-	-	-	-11,751,286	-11,751,286
Gross carrying amount as on Dec 31, 2021	870,922	17,640,615	35,005,588	4,328,406	8,673,708	3,884,546	70,403,785
Redemption as on Jan 1, 2021	-	-724,415	-27,075,282	-1,891,153	-7,502,299	-	-37,193,450
Increases, due to:	-	-602,424	-3,071,544	-1,014,863	-311,147	-	-4,999,979
- amortization and depreciation	-	-601,926	-2,961,709	-994,856	-310,667	-	-4,869,158
- currency translation profit (loss)	-	-498	71,180	-20,007	-480	-	50,195
Decreases, due to:	-	-	761,828	52,200	171,466	-	985,494
- liquidation and sale	-	-	761,828	52,200	171,466	-	985,494
Redemption as on Dec 31, 2021	-	-1,327,140	-29,384,999	-2,853,816	-7,641,980	-	-41,207,935
Write-downs as on Jan 1, 2021	-	-	-	-	-	-34,826	-34,826
Write-downs as on Dec 31, 2021	-	-	-	-	-	-	-
Advance for tangible fixed assets under construction	-	-	-	-	-	2,449,910	2,449,910
Net carrying amount as on Dec 31, 2021	870,922	16,313,476	5,620,589	1,474,590	1,031,728	6,334,456	31,645,761
Transfer of leased assets to right-of-use assets	-	-17,017	-	-1,078,525	-	-	-1,095,542
Net carrying amount as on Dec 31, 2021 after the transfer	870,922	16,296,458	5,620,589	396,065	1,031,728	6,334,456	30,550,219

In the reporting period, there were no indications of impairment of tangible fixed assets.

In the reporting period, the Group did not activate borrowing costs. There were also no significant purchase and sale transactions regarding property, plant and equipment.

16. Right-of-use assets and liabilities

Right-of-use assets

Under finance lease agreements, the Group uses premises for the purposes of operating betting points, technical equipment and cars. The lease contracts were concluded for 2-5 years, depending on the lease contract (24-60 monthly installments).

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

Specification	June 30, 2022	Dec 31, .2021
Technical equipment and machines	-	-
Means of transport	1,611,734	1,078,525
PWUG	590,616	595,408
Leased premises	31,583,118	37,249,864
Total	33,785,468	38,923,797

Technical equipment and machinery as well as means of transport are also a security for leasing liabilities. In connection with the lease agreements, the Group issued promissory notes as security.

Right-of-use liabilities

The Group uses finance lease by renting cars, technical equipment and machinery as well as commercial premises.

Financial lease data are presented in the tables below.

Specification	June 30, 2022	Dec 31, 2021
Payable within 1 year	17,997,459	17,373,996
Payable within over 1 year	16,749,810	22,630,266
Total financial liabilities	34,747,269	40,004,262

Specification	June 30, 2022		Dec 31, 2021	
	Minimum fees	Current value of the fees	Minimum fees	Current value of the fees
Within 1 year	18,560,686	17,997,459	17,845,041	17,373,996
In the period from 1 to 5 years	16,596,221	16,170,864	24,892,038	22,630,266
Over 5 years	1,000,611	578,964	-	-
Total minimum lease payments	36,157,518	34,747,269	42,737,078	40,004,262
Future interest expense (negative value)	-1,410,249	-	-2,732,816	-
Current value of the lease fees, including:	34,747,269	34,747,269	40,004,262	40,004,262
- short-term	17,997,459	17,997,459	17,373,996	17,373,996
- long-term	16,749,810	16,749,810	22,630,266	22,630,266

17. Intangible assets

Changes in intangible assets are presented in the tables below.

Status as on Jun 30, 2022:

Specification	IT platform to handle bookmaker transactions	Other intangible assets	Intangible assets under construction	Total
Gross carrying amount as on Jan 1, 2022	8 499,277	3,144,853	249,180	11,893,260
Increases, due to:	10,460,717	37,905	10,505,595	21,004,217
- acquisition	10,460,717	93,271	10,498,973	21,052,961
- other	-	-55,366	6,622	-48,744
Decreases, due to:	-	-	-10,467,340	-10,467,340
- adoptions of WNIP for use	-	-	-10,467,340	-10,467,340
Gross carrying amount as on Jun 30, 2022	18,959,944	3 182,758	287,435	22,430,137
Redemption as on Jan 1, 2022	-	-	-	-
	1,133,231	-2,971,143	-	-4,104,374
Increases, due to:	-1 276,676	-48,614	-13,895	-1,339,185
- amortization and depreciation	-1 276,676	-48,614	-13,895	-1,339,185
Decreases, due to:	-	-	-	-
- liquidation or sale	-	-	-	-
Redemption as on Jun 30, 2022	-2 409,907	-3 019,757	-13,895	-5,443,559
- currency translation profit/(loss) on the financial statements of foreign entities	-	40,244	-	40,244

Net carrying amount as on Jun 30, 2022	16 550,037	203,245	273,540	17,026,822
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From January 1, 2022, Betsys s.r.o. began to capitalize the costs related to updating the software it produces, due to the fact that those costs can be reliably estimated and the Group will achieve economic benefits related to the use of new versions of software.

Balance as on Dec 31, 2021:

Specification	IT platform to handle bookmaker transactions	Other intangible assets	Intangible assets un- der construction	Total
Gross carrying amount as on Jan 1, 2021	8 499,277	3,246,315	-	11,745,542
Increases, due to:	-	121,936	346,525	486,461
- acquisition	-	121,936	346,525	486,461
Decreases, due to:	-	-223,398	-115,345	-338,743
- adoption of WNIP for use	-	-	-115,345	-115,345
- liquidation or sale	-	-223,398	-	-223,398
Gross carrying amount as on Dec 31, 2021	8 499,277	3,144,853	249,180	11,893,260
Redemption as on Jan 1, 2021	-283,308	-2,940,668	-	-3,223,976
Increases, due to:	-849,923	-253,873	-	-1,103,796
- amortization and depreciation	-849,923	-253,873	-	-1,103,796
Decreases, due to:	-	223,398	-	223,398
- liquidation or sale	-	223,398	-	223,398
Redemption as on Dec 31, 2021	-1,133,231	-2,971,143	-	-4,104,374
- currency translation profit/(loss) on the financial statements of foreign entities	-	-871	-	-871
Net carrying amount as on Dec 31, 2021	7,365,966	172,839	249,180	7,788,015

18. Financial instruments

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

Item	Instrument category under IFRS 9	Carrying value		Fair value	
		Jun 30, 2022	Dec 31, 2021	Jun 30, 2022	Dec 31, 2021
Assets					
Non-current prepayments and non-current accrued income, including:		2,865,692	2,817,999	2,865,692	2,817,999
- deposit receivables	AZK	1,962,771	1,858,713	1,962,771	1,858,713
Other long-term and short-term financial assets, including:		11,293,970	11,564,685	11,293,970	11,564,685
- investment fund participation units	AWF	4,187,146	4,159,622	4,187,146	4,159,622
- shares of a company listed on the WSE	AWF	727,897	1,017,839	727,897	1,017,839
- corporate bonds	AZK	6,378,927	6,387,224	6,378,927	6,387,224
Trade receivables	AZK	2,346,219	1,604,779	2,346,219	1,604,779
Other (short-term) receivables, including:		15,903,263	14,799,482	15,903,263	14,799,482
- tax receivables (other than financial instruments)		5,566,362	5,122,147	5,566,362	5,122,147
- other receivables	AZK	10,336,901	9,677,335	10,336,901	9,677,335
Cash and cash equivalents, including:	AZK	197,838,328	146,433,170	197,838,328	146,433,170
- deposits		116,974,120	31,616,873	116,974,120	31,616,873
Liabilities					
Right-of-use liabilities (long- and short-term)	ZZK	34,747,269	40,004,262	34,747,269	40,004,262
Other long-term liabilities		-	-	-	-
Credits and loans	ZZK	-	-	-	-
Trade liabilities	ZZK	12,537,782	16,236,637	12,537,782	16,236,637
Other liabilities, including:		159,757,373	102,208,014	159,757,373	102,208,014
- public law liabilities (other than financial instruments)		55,401,802	59,874,124	55,401,802	59,874,124
- liabilities to customers for deposits, bonuses and pending bets, including:	ZWF + ZZK	30,824,497	30,961,998	30,784,579	30,961,998
• <i>liabilities due to pending bets</i>	ZWF	1,548,899	1,908,250	1,548,899	1,908,250
- payroll liabilities		5,153,455	4,683,056	5,153,455	4,683,056
- other liabilities	ZZK	68,377,619	6,688,836	68,417,537	6,688,836

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.

19. Fair value measurement hierarchy

In the interim summary consolidated financial statements, at the end of each financial year, investment fund participation units and liabilities to customers due to deposits, bonuses and pending bets were measured at fair value at the end of each financial year. Disclosures about the fair value measurement hierarchy that reflect the significance of the input data used in the measurement of fair value are included in the tables below.

Specification	Jun 30, 2022		
	Level 1	Level 2	Level 3
Assets - Investment fund participation units	2,145,008	2,042,138	
Liabilities- Liabilities to customers for deposits, bonuses and pending bets			1,548,899
TOTAL	2,145,008	2,042,138	1,548,899

Specification	Dec 31, 2021		
	Level 1	Level 2	Level 3
Assets - Investment fund participation units	2,127,982	2,031,640	-
Liabilities- Liabilities to customers for deposits, bonuses and pending bets			1,908,250
TOTAL	2,127,982	2,031,640	1,908,250

Level 1 of the fair value hierarchy comprises financial assets whose fair value is measured on the basis of prices quoted in active markets for identical assets. Level 2 of the fair value hierarchy are financial assets whose fair value is measured using valuation models where all significant inputs are observable on the market directly (as prices) or indirectly (based on prices). This category includes financial instruments for which there is no active market. Investment fund participation units are included in in this category. Input data are identified as the fund's net asset value per share (participation unit). The valuation method adopted and used by the Group is the valuation according to the official net asset value of the fund per participation unit as on the balance sheet date, as announced by the collective investment institution.

Valuation techniques and inputs used by the Group for fair value measurements classified under level 3 of the fair value hierarchy:

- in the case of amounts due to customers for deposits made and bonuses granted to customers, the estimated fair value is the nominal value of deposits made by customers and bonuses granted to customers;
- in the case of bets pending as on the balance sheet date, the estimated fair value is the value adjusted by the expected margin of the Group based on the data from the last three years and relevant information available as on the reporting date.

Liabilities for pending bets are valued at the end of each financial year. The valuation effect is recognized in sales revenue (revenue from betting).

Changes in the value of pending bets and the amounts resulting from the valuation recognized in profit or loss in individual years are as follows:

Specification	Jun 30, 2022	Dec 31, 2021
Liabilities for pending bets at the beginning of the year after valuation	1,908,250	1,176,482
Settlement - resolution of bets	- 1,908,250	- 1,176,482
Liabilities for pending bets at year-end prior to valuation	2,038,025	2,510,855
Measurement difference - recognized in profit or loss (revenue from betting)	-489,126	-602,605
Liabilities for pending bets at year-end after valuation	1,548,899	1,908,250

20. Write-downs of the value of assets

Change in the balance of write-downs on the value of trade receivables due to expected credit losses:

Specification	Jun 30, 2022	Dec 31, 2021
Related entities		
State of write-downs on trade receivables due to expected losses at the beginning of the period	-	-
Increases	-	-
Decreases	-	-
The balance of write-downs for the expected losses of trade receivables from related entities at the end of the period	-	-
Other entities		
State of write-downs on trade receivables due to expected losses at the beginning of the period	958,806	912,073
Increases, including:	21,767	46,733
- write-downs for overdue and disputed receivables	21,767	46,733
Decreases, including:	-	-
- reversal of write-downs in connection with the repayment of receivables	-	-
State of write-downs on trade receivables due to expected losses from other entities at the end of the period	980,574	958,806
State of write-downs on trade receivables due to expected total losses at the end of the period	980,574	958,806

Change in the balance of write-downs on the value of other receivables:

Specification	Jun 30, 2022	Dec 31, 2021
Related entities		-
Other entities		
Balance of write-downs on the value of other receivables at the beginning of the period	1,605,636	745,713
Creation/termination of revaluation write-downs	-499,211	859,923
Balance of write-downs on the value of other receivables at the end of the period	1,106,425	1,605,636

Update of court cases as on June 30, 2022:

By the decision of the District Prosecutor's Office in Ostrów Wielkopolski of August 11, 2021 (later amended), file ref.: PO I Ds. 57.2021, the funds in one of STS S.A.'s bank accounts were blocked up to the amount of: PLN 6,008,115.09 in connection with the suspicion of committing a money laundering offence by one of the customers of STS S.A. staking amounts with STS S.A. The decision

was implemented by blocking the funds accumulated on the account of STS S.A. at mBank S.A. (pursuant to Art. 86 sec. 10 in conjunction with sections 9 and 11 of the Act on counteracting money laundering and terrorist financing). The blockade was established for a period of 6 months, i.e. until February 11, 2022. The complaint of STS S.A. against the above-mentioned blockade was dismissed on November 8, 2021 by the Regional Court in Kalisz. The blockade of the account was then changed by the order of the District Prosecutor's Office in Ostrów Wielkopolski of November 3, 2021, which established security on the property of the suspect threatened to forfeit it to the State Treasury, of the financial benefit resulting from the crime or return to the victim of the financial benefit that the perpetrator obtained from the committed crime, through the seizure of property in the form of funds from the crime and accumulated on the above-mentioned a bank account kept for STS S.A. STS S.A. is neither a direct nor an indirect perpetrator of the act being the subject of the proceedings under file reference number PO 1 Ds. 57.2021, and therefore, according to the Management Board, taking such strict actions by the Public Prosecutor's Office in relation to STS S.A. is disproportionate and pointless. At the moment, it is difficult to determine the chances of STS to release the above-mentioned secured amount, as STS S.A. is not a party to the criminal proceedings under which the blockade was established and then the property was secured. As on July 20, 2022, the District Court in Kalisz has not yet considered a complaint of STS S.A. against the Prosecutor's Office's decision concerning the security. Apart from the aforementioned appeal, until the customer's criminal case is legally resolved, STS S.A. is not entitled to any additional legal remedies allowing questioning of the Prosecutor's Office's decision concerning the security.

In January 2020 funds in the account of the company STS S.A. in the amount of PLN 9.2 million were blocked and secured in connection with different pending criminal proceedings as funds potentially derived from the illegal activity of a person who was in the past a client of the Group and was indicted for money laundering.

In May 2021, the company STS S.A. filed a civil claim against the State Treasury for the release of the blocked and secured amounts. On August 29, 2022, the Parent Company was informed about the seizure of cash receivables from the bank account of the company STS S.A. for the amount of PLN 9.2 million. The seizure was carried out as a result of the final conclusion of the criminal proceedings against the former client of STS S.A. and the implementation of the decision on securing property and blocking bank accounts. As on the date of publication of this report, the enforcement of the funds covered by the security has not been completed, and STS S.A. itself will take all legal measures available to the Company in the enforcement proceedings at this stage in order to protect the funds covered by the security.

STS S.A. was not a party to criminal proceedings against the aforementioned former client and did not have appropriate procedural tools enabling the protection of the Company's interests in the course of the pending criminal proceedings. However, in May 2021, the company STS S.A. launched a civil action against the State Treasury claiming the amount of PLN 9.2 million, corresponding to the amount of funds covered by the current seizure. The relevant proceedings are pending and a ruling has yet to be issued. STS S.A. intends to use all legal means at its disposal to protect its property interests. In the opinion of the Management Board of STS Holding S.A., the situation does not have a significant impact on the financial situation of the STS Group.

In connection with the receipt of information on the attachment of a cash claim, as on June 30, 2022 STS S.A. entered in its books an asset write-down in the net amount of PLN 9.2 million.

21. Share capital

The share capital structure by share series as on June 30, 2022 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
D	None	None	144,960	1	144,960	Cash
Total	x	x	156,534,958	x	156,534,958.00	x

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	156,389,998.00	x

The company STS Holding SA was established on June 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 Parent 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 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 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.

On November 23, 2021, the Polish Financial Supervision Authority approved the Offering Memorandum of STS Holding S.A. The process of offering and allocating series A and B shares to investors was completed on December 8, 2021. Series A, B and C shares have been listed on the Warsaw Stock Exchange since December 10, 2021 under the STH symbol (ISIN: PLSTSHL00012).

On May 5, 2022, the Management Board of STS Holding S.A. adopted Resolution no. 3 on increasing the Company's share capital by way of issuing series D 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 D shares to trading on the regulated market kept by the Warsaw Stock Exchange [Giełda Papierów Wartościowych w Warszawie S.A.], in connection with the implementation of the "STS Holding S.A. Incentive Program". The share capital was increased by issuing 144,960 series D ordinary bearer shares with a par value of PLN 1.00 per share and an issue price of PLN 1.00 per share. The shares of the new issue of series D were offered to key managers of the STS Group in accordance with the terms and conditions

of the Regulation of "STS Holding S.A. Incentive Program". Payments for the shares were made prior to the adoption of Resolution No. 3. The share capital increase was registered by the Registry Court on June 1, 2022.

The share capital structure by shareholders holding more than 5% of votes at the General Meeting of Shareholders as on September 14, 2022 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:	109,619,476	PLN 109,619,476.00	70.03%	109,619,476	70.03%
• <i>Juroszek Holding sp. Z o.o.</i>	52,713,314	PLN 52,713,314.00	33.68%	52,713,314	33.68%
• <i>MJ Investments sp. z o.o.</i>	39,859,376	PLN 39,859,376.00	25.46%	39,859,376	25.46%
• <i>Betplay Capital sp. z o.o.</i>	17,046,786	PLN 17,046,786.00	10.89%	17,046,786	10.89%
Norges Bank	10,145,400	PLN 10,145,400.00	6.48%	10,145,400	6.48%
Nationale Nederlanden Powszechne Towarzystwo Emerytalne S.A.	9,375,000	PLN 9,375,000.00	5.99%	9,375,000	5.99%
Others	27,395,082	PLN 27,395,082.00	17.50%	27,395,082	17.50%
Total:	156,534,958	PLN 156,534,958.00	100.00 %	156,534,958	100.00 %

On July 13, 2022, MJ Investments sp. z o.o. acquired 74,474 shares in STS Holding S.A.

The share capital structure by shareholders holding more than 5% of votes at the General Meeting of Shareholders as on June 30, 2022 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:	109,545,002	PLN 109,545,002.00	69.98%	109,545,002	69.98%
• <i>Juroszek Holding sp. Z o.o.</i>	52,713,314	PLN 52,713,314.00	33.68%	52,713,314	33.68%
• <i>MJ Investments sp. z o.o.</i>	39,784,902	PLN 39,784,902.00	25.41%	39,784,902	25.41%
• <i>Betplay Capital sp. z o.o.</i>	17,046,786	PLN 17,046,786.00	10.89%	17,046,786	10.89%
Norges Bank	10,145,400	PLN 10,145,400.00	6.48%	10,145,400	6.48%
Nationale Nederlanden Powszechne Towarzystwo Emerytalne S.A.	9,375,000	PLN 9,375,000.00	5.99%	9,375,000	5.99%
Others	27,469,556	PLN 27,469,556.00	17.55%	27,469,556	17.55%
Total:	156,534,958	PLN 156,534,958.00	100.00 %	156,534,958	100.00 %

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%
• <i>Juroszek Holding sp. z o.o.</i>	52,628,313	PLN 52,628,313.00	33.65%	52,628,313	33.65%
• <i>MJ Investments sp. z o.o.</i>	39,699,901	PLN 39,699,901.00	25.39%	39,699,901	25.39%
• <i>Betplay Capital sp. z o.o.</i>	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 Powszechno 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%
Total:	156,389,998	PLN 156,389,998.00	100.00 %	156,389,998	100.00 %

22. Dividends

On May 25, 2022, the Ordinary General Meeting of STS S.A. adopted Resolution No. 3 on the distribution of the net profit of STS S.A. for 2021 in the amount of PLN 153,325,065.11 less the advance payment for dividends in the amount of PLN 67,454,043.94 paid to the Shareholder of STS Holding S.A. The remaining amount of PLN 85,871,021.17 will be paid to the Shareholder as a dividend on June 27, 2022.

In accordance with the resolution of June 22, 2022, adopted by the Ordinary General Meeting of Shareholders of STS Holding S.A. regarding the payment of dividends and distribution of the Company's profit, the General Meeting of Shareholders decided to allocate the Company's net profit for 2021 in the amount of PLN 57,917,934.46 for the payment of dividends for shareholders of the Company. The dividend record date has been set at August 16, 2022, and the payment date at August 26, 2022.

23. Guarantees and sureties granted as well as contingent liabilities

On June 14, 2022, STS SA signed an overdraft agreement for the amount not exceeding PLN 20 million. The final payment of the balance must be made by May 30, 2023. The repayment of the Bank's receivables is secured by a blank promissory note issued by the borrower with a promissory note declaration of June 14, 2022.

On September 2, 2021, a multi-purpose overdraft limit agreement was concluded between: Powszechna Kasa Oszczędności Bank Polski Spółka Akcyjna, and STS S.A. and Betplay Capital sp. z o.o. (former Betplay International sp. z o.o.) (Borrowers). On May 31, 2022, an annex to the agreement was signed, under which the agreement was amended in terms of reduction of the credit limit to PLN 20 million, extension of the period for which the limit was granted until May 31, 2023 and release of Betplay Capital Sp. z o. o.

from any obligations incurred under the Agreement. The loan repayment is secured by a blank promissory note issued by the Company STS S.A., along with a promissory note declaration, and a civil law surety of: Zbigniew Juroszek to the amount of PLN 30 million and Mateusz Juroszek to the amount of PLN 30 million.

On June 14, 2022, STS S.A. signed an overdraft agreement for the amount not exceeding PLN 20 million. The final payment of the balance must be made by May 30, 2023. The repayment of the Bank's receivables is secured by a blank promissory note issued by the borrower with a promissory note declaration of June 14, 2022.

As on the balance sheet date, June 30, 2022, and as on the date of these consolidated financial statements, STS S.A. has not used the credit lines granted.

STS S.A. is a party to a aircraft lease agreement, with the parent company - Betplay Capital Sp. z o. o. (former Betplay International sp. z o. o. - BI) with its seat in Katowice as the lessee and mLeasing Sp. z o.o. as the lessor. It is a tripartite agreement where STS S.A. acts as a guarantor of blank promissory notes issued by BI to secure the agreement and STS S.A. will be jointly and severally liable if BI ceases to make lease payments under the contract with conditional assumption of rights and responsibilities. The total value of the leased assets is PLN 37 million, the monthly lease payment is PLN 520 thousand, lease period: 5 years.

On January 25, 2022, the Issuer's subsidiary, i.e. STS S.A., received the decision of GIIF on the imposition of an administrative penalty on STS S.A. in connection with the violation of certain provisions of the Act of March 1, 2018 on counteracting money laundering and financing terrorism ("AML Act"). According to the information obtained, GIIF, by decision of January 14, 2022, imposed an administrative penalty on STS S.A. in the amount of PLN 2,950,000.00.

In the opinion of the Issuer, the imposition of an administrative penalty by GIIF and the initiation of the proceedings in question was unjustified. In particular, the explanations presented by STS S.A., submitted both as part of the control and administrative proceedings, were not taken into consideration by GIIF. In the opinion of the Issuer's Management Board, STS S.A. complied with all procedures required by law, including the verification of players, reporting and compliance with other obligations under the AML Act. Therefore, STS S.A. appealed against the decision of GIIF and is going to use all the means of appeal it is entitled to, including an appeal to the administrative court.

In the Issuer's opinion, the administrative penalty imposed by GIIF will not have a significant impact on the financial situation of the Issuer's Group. At the present stage, the decision of GIIF is not final, and the penalty will be payable only from the date on which the decision to impose it becomes final.

Fines are typical administrative sanctions for non-compliance with regulatory obligations. However, one of the sanctions provided by the Polish Gambling Law for failure to comply with the obligations relating to the prevention of money laundering or terrorism financing is the withdrawal of the relevant licenses to conduct sports betting. Any sanctions imposed and/or regulatory measures applied may require the Group to expend significant capital or other resources, modify internal standards, procedures, systems or the Group's product offering, and may require the Group to modify or cease its operations, all of which could adversely affect the Group's business, performance, prospects, value, financial condition, and results of operations. In the Group's opinion, the probability of the materialization of this risk is medium.

24. Provisions

Specification	Provisions for retirement and pension gratuities	Provisions for unused holiday leaves
Balance as on Jan 1, 2021	434,501	1,844,310
Establishment/update of a provision	524,878	2,292,807
Costs of benefits paid (provision used)	-	
Provision release	-434,501	-1,844,310
Balance as on Dec 31, 2021, including:	524,878	2,292,807
- long-term	524,878	-
- short-term	-	2,292,807
Balance as on Jan 1, 2022	524,878	2,292,807

Establishment/update of a provision	411,992	2,684,516
Costs of benefits paid (use of the reserve)	-	-
Provision release	-524,878	-2,292,242
Balance as on Jun 30, 2022, including:	411,992	2,685,082
- long-term	411,922	-
- short-term	-	2,685,082

Information on other provisions is presented in the tables below.

Specification	Jun 30, 2022	Dec 31, 2021
Other, including the provision for the audit of the financial statements	288,804	185,177
- short-term	288,804	185,177

Change in the balance of provisions:

Specification	Other provisions - short-term
Balance as on Jan 1, 2021	55,474
Created during the financial year	348,757
Used	-43,050
Released	-176,004
Balance as on Dec 31, 2021	185,177
Created during the financial year	127,920
Used	-24,294
Released	-
Balance as on Jun 30, 2022	288,804

In the period from January 1, 2022 to June 30, 2022, there were no provisions for restructuring costs.

25. Transactions with related entities

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

All 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, except for liabilities due to loans to which interest is accrued in accordance with the concluded contracts. 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. June 30, 2022, the Group had no doubtful receivables from related parties. Transactions between the Parent Entity and its subsidiaries falling within the scope of these consolidated financial statements have been eliminated in the course of consolidation and are not shown in this note. 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	
	Jun 30, 2022	Jun 30, 2021	Jun 30, 2022	Jun 30, 2021
	Betplay Capital spółka z ograniczoną odpowiedzialnością	60,761	1,014	-
MJ Investments spółka z ograniczoną odpowiedzialnością	10,400	600	-	12,300
ZI-Invest spółka z ograniczoną odpowiedzialnością,	1,721	3,252	599,484	344,382
ATAL Spółka Akcyjna	-	61	9,978	2,996
Juroszek Catch Me spółka jawna	270	-	-	-
Juroszek Apartments spółka jawna	1,362	1,362	-	-
Yestersen spółka z ograniczoną odpowiedzialnością.	-	-	-	44,888

Related party	Receivables from related entities		including overdue receivables		Liabilities to related entities		including overdue receivables	
	Jun 30, 2022	Jun 30, 2021	Jun 30, 2022	Jun 30, 2021	Jun 30, 2022	Jun 30, 2021	Jun 30, 2022	Jun 30, 2021
	Betplay Capital spółka z ograniczoną odpowiedzialnością,	387	164	193	82	-	-	-
MJ Investments spółka z ograniczoną odpowiedzialnością,	12,177	246	12,054	246	-	-	-	-

ZJ-Invest spółka z ograniczoną odpowiedzialnością,	-	-	-	-	6,598	-	-	-
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There were no transactions with the participation of key management personnel, except for the transaction of taking up shares in the increased share capital of the parent company. The transaction is described in detail in Note 21 "Share capital".

26. Salaries of senior management and the Supervisory Board

Data regarding salaries of Members of the Management Board and Supervisory Board 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.

In the period from January 1, 2022 to June 30, 2022, there were share-based payments to two members of the Parent Company's Management Board.

Benefits paid to the Members of the Management Board

Specification	Jan 1, 2022 – Jun 30, 2022	Jan 1, 2021 – June 30, 2021
Remuneration of the Members of the Management Board	548,400	289,765
Incentive program	1,923,402	-

Benefits paid to the Members of the Supervisory Board

Specification	Jan 1, 2022 – Jun 30, 2022	Jan 1, 2021 – June 30, 2021
Remuneration of the Members of the Supervisory Board	177,110	-

27. Share-based payments

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

- Resolution No. 5 of the Extraordinary General Meeting of STS Holding SA (hereinafter: the "Company") 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.

- 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 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.

On May 5, 2022, the Management Board of the Parent Company adopted Resolution no. 3 on increasing the Company's share capital by way of issuing series D 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 D shares to trading on the regulated market kept by the Warsaw Stock Exchange [Giełda Papierów Wartościowych w Warszawie S.A.]. In connection with the launch of the "STS Holding S.A. Incentive Program" by the Company, the share capital of the Company was increased within the limits of the authorized capital by the amount of PLN 144,960.00, i.e. from PLN 156,389,998.00 to PLN 156,534,958.00.

The issue price of one share is PLN 1.00. The Management Board of STS Holding S.A. decided in the interest of the Company to deprive the Company's shareholders of the entire pre-emptive rights regarding all series D shares. In accordance with the requirements resulting from the Company's Articles of Association, the Supervisory Board adopted a resolution on granting consent to the exclusion of pre-emptive rights in full by the Management Board. All newly created series D shares are ordinary bearer shares and participate in the dividend starting from January 1, 2021.

The expenses recognized as employee benefits related to the granted rights to acquire the Company's shares are presented in the table below:

	Jan 1 - Jun 30, 2022	Mar 10 – Dec 31, 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.	5,415,788	3,917,102
Total cost of a share-based payment settled in cash	-	-
Total - the cost of a share-based payment	5,415,788	3,917,102

28. Discontinued operations

There were no discontinued operations in the Group in the periods covered by these interim summary consolidated financial statements.

29. Significant events and transactions

Sports events in 2022

In the third and fourth quarter of 2022, the company expects a positive effect primarily on operating results, resulting from the World Cup in Qatar and the participation of the Polish national team in it. The company hopes that the event will positively translate into the acquisition of new users, among other things, as was the case with major sports events in 2020, 2018 and 2016. In addition, the acquisition of new users and an attractive level of player retention in the STS Group should also positively translate into operational data recorded in the subsequent quarters of 2023.

The impact of the declaration of the Coronavirus (COVID-19) pandemic on the Group's current and future operations

Since March 2020, the global markets have been exposed to severe disruption due to the COVID-19 pandemic. As a result of the pandemic, individual countries, including Poland, have taken extensive measures to limit the spread of the virus and its effects, such as introducing social, travel, and economic restrictions. In 2021, restrictive measures introduced by the governments were gradually relaxed mainly due to the growing percentage of the vaccinated population.

Currently, a decrease is observed in the impact of COVID-19 on the current functioning of the society and the entire economy, which is reflected in the abolition of the epidemic state in Poland, in force from Q1 2022, as of May 16, 2022.

This is due to a reduction in the number of recorded infections, hospitalizations, and deaths due to coronavirus infection. Instead, a state of epidemiological emergency was introduced, and most of the restrictions and limitations were lifted earlier.

The Management Board of the Group perceives the current situation related to the outbreak of the coronavirus as a phenomenon that should not have a significant impact on the primary market in the long term and, as on the date of approval of these interim summary consolidated financial statements for publication, the Management Board believes that there are no circumstances that would indicate a threat to the continued operations of the companies included in the Group in the foreseeable future.

The Management Board of the Parent Entity did not find any material uncertainty related to the going concern of the Group 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.

The impact of the war in Ukraine on the Group's operations

The Group'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 Group's operations, however, as at the date of approval of these interim summary consolidated financial statements, the Management Board has not identified any circumstances

that would pose a threat to the Group continuing as going concern. Due to the complexity of the situation and the possibility of many scenarios being realized, the development of the situation will be monitored on an ongoing basis.

30. The list of the status of the issuer's shares held by the issuer's managing and supervising persons

The ownership status of the shares of STS Holding S.A. held by members of the Management Board and Supervisory Board as on June 30, 2022 was as follows:

- Zdzisław Kostrubała (Member of the Management Board) held 95,920 shares,
- Marcin Walczysko (Member of the Management Board) held 95,920 shares,
- Mateusz Juroszek (President of the Management Board) held 39,784,902 shares through a wholly-controlled company MJ Investments sp. z o.o.,
- Zbigniew Juroszek (Vice-Chairman of the Supervisory Board) held 52,713,314 shares through a wholly-controlled company Juroszek Holding sp. z o.o.
- In addition, Mateusz Juroszek and Zbigniew Juroszek jointly, through Betplay Capital sp. z o.o, in which they hold shares, owned 17,046,786 shares.

The ownership status of the shares of STS Holding S.A. held by members of the Management Board and Supervisory Board as on September 14, 2022 was as follows:

- Zdzisław Kostrubała (Member of the Management Board) held 95,920 shares,
- Marcin Walczysko (Member of the Management Board) held 95,920 shares,
- Mateusz Juroszek (President of the Management Board) held 39,859,376 shares through a wholly-controlled company MJ Investments sp. z o.o.,
- Zbigniew Juroszek (Vice-Chairman of the Supervisory Board) held 52,713,314 shares through a wholly-controlled company Juroszek Holding sp. z o.o.
- In addition, Mateusz Juroszek and Zbigniew Juroszek jointly, through Betplay Capital sp. z o.o, in which they hold shares, owned 17,046,786 shares.

31. Events after the balance sheet date

On **July 13, 2022**, MJ Investments sp. z o.o. acquired 74,474 shares in STS Holding S.A.

On **July 27, 2022**, a capital increase was registered in a Maltese subsidiary, STS BET Limited. The share capital was increased by EUR 1,721,767.00 - from EUR 3,716,097.00 (3,716,097 ordinary shares of EUR 1 each) to EUR 5,437,864.00 (5,437,864 ordinary shares of EUR 1 each).

The new shares were acquired by the existing shareholder, STS S.A. Under the agreement of 10 May 2022, the liability under the increased capital was covered by receivables under loans from STS BET Limited in the amount of EUR 1,540,000.00 and PLN 850,000.00, which, converted at the exchange rate on the agreement date, i.e., PLN 4.6763 = EUR 1.00, gives the amount of EUR 1,721,767.00. The amount of debt covered only the principal amounts of loans granted without interest.

The total debt of STS S.A. to STS BET Limited, cleared by the acquisition of shares in the increased capital, is EUR 1,721,767.00

On August 29, 2022, the Company informed about the seizure of cash receivables from the bank account of the subsidiary STS S.A. for the amount of PLN 9.2 million. The seizure was carried out as a result of the final conclusion of the criminal proceedings against the former client of STS S.A. and the implementation of the decision on securing property and blocking bank accounts. As on the date of approval of these interim summary consolidated financial statements, the enforcement of the funds covered by the seizure has

not been completed, and STS S.A. itself will take all legal measures available to the Company in the enforcement proceedings at this stage in order to protect the funds covered by the seizure.

IX. Approval for publication

The interim summary consolidated financial statements containing the interim summary financial statements of the parent entity - STS Holding S.A., prepared for the 6-month period ended June 30, 2022 (including comparative data) were approved for publication by the Management Board of the Parent Company on September 14, 2022.

Katowice, 14 September 2022:

Mateusz Juroszek
President of the Management Board of STS Holding S.A.

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 of the Group