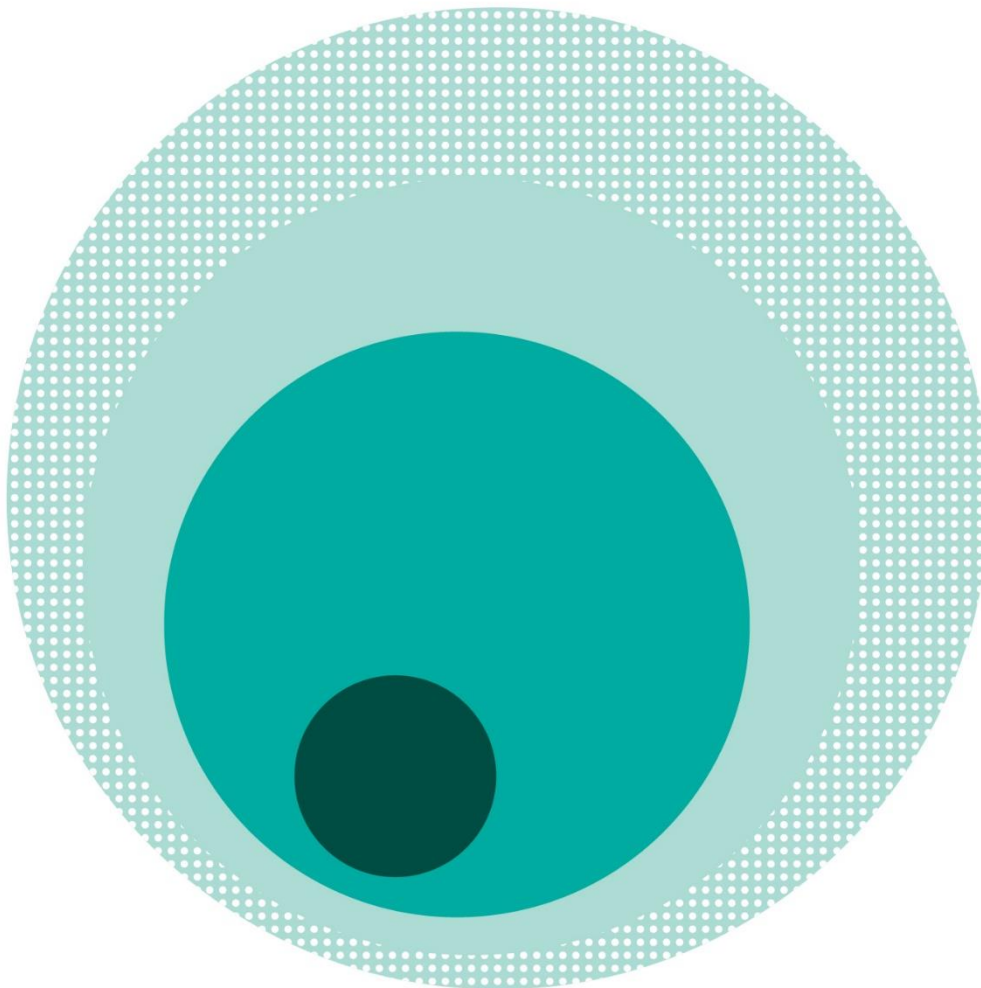


# BOOMBIT CAPITAL GROUP

INDEPENDENT STATUTORY AUDITOR'S REPORT  
FROM THE AUDIT OF THE ANNUAL CONSOLIDATED  
FINANCIAL STATEMENT  
AS OF 31/12/2020

(UNAUTHORISED TRANSLATION FROM THE POLISH LANGUAGE)

22/04/2021



# INDEPENDENT STATUTORY AUDITOR'S REPORT

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*For the General Shareholders' Meeting and Supervisory Board of Parent Entity*

## **Report from the audit of the annual consolidated financial statements**

### *Opinion*

We have audited the annual consolidated financial statements of BoomBit Capital Group (the "Group"), where the Parent Entity is BoomBit S.A. (the "Parent Entity"), that comprise the consolidated statement of financial result, the consolidated statement of comprehensive income, the consolidated statement of cash flows for the period from 01/01/2020 to 31/12/2020, the consolidated statement of financial position as at 31/12/2020 and the consolidated statement of changes in equity for the period from 01/01/2020 to 31/12/2020, and the additional information with the description of adopted accounting principles and other clarifying information (the "consolidated financial statements").

In our view, the attached consolidated financial statements:

- present a reliable and clear view of the Group's property and financial standing as at 31/12/2020 and its financial result and cash flows for the financial year ended on the date in question, in accordance with applicable International Financial Reporting Standards approved by the European Union, and the adopted accounting principles (policy);
- are compliant in terms of the form and content with provisions of law applicable to the Group and with the Parent Entity's Articles of Association;

This opinion is consistent with an additional report for the Audit Committee that we issued on 22/04/2021.

### *Basis for the opinion*

We conducted our audit in accordance with the National Auditing Standards in the wording of International Auditing Standards adopted by resolution No. 3430/52a/2019 of March 21, 2019 of the National Council of Statutory Auditors regarding national auditing standards and other documents as amended ("NAS") and pursuant to the Act of 11 May 2017 on Statutory Auditors, Audit Firms and Public Oversight (the 'Act on Statutory Auditors' - Journal of Laws of 2020, item 1415 as amended) and the EU Regulation No. 537/2014 of 16/04/2014 on specific requirements regarding statutory audit of public-interest entities (the "EU Regulation" – EU OJ L158). Our responsibility under these standards has been hereinafter described in the section entitled "The auditor's responsibility for the audit of the consolidated financial statements".

We are independent of the Companies from the Group, in accordance with the International Code of Ethics of Professional Accountants (including the International Standards of Independence) of the International Ethics Standards Board for Accountants ("IESBA Code") adopted by the resolution of the National Council of Statutory Auditors No. 3431/52a/2019 of March 25, 2019 on the principles of professional ethics of statutory auditors and with other ethical requirements that apply to audits of financial statements in Poland. We have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. During the audit, the key statutory auditor and the audit firm remained independent of the Companies from the Group in accordance with the independence requirements set out in the Act on statutory auditors and in the EU Regulation

We believe the audit evidence that we have obtained to be sufficient and adequate for us to form an opinion.

### *Key audit issues*

Key audit issues are the issues which in our professional judgment have been most significant during the audit of the consolidated financial statements for the current reporting period. They encompass the most significant assessed types of risks of material misrepresentation, including the assessed types of the risk of material misrepresentation due to fraud. We have addressed these issues in the context of our audit of the consolidated financial statements as a whole and in the course of forming our opinion, and we have summarised our reaction to such risk types, and in cases we have deemed fit we have presented the most important findings related to such risk types. We do not express a separate opinion on these issues.

Key audit issue	How did our audit address the issue
<p data-bbox="220 353 667 432"><b>Measurement of property, plant and equipment</b></p> <p data-bbox="199 479 687 757">As presented in note 18 to the consolidated financial statements, the net capitalised expenditure on development work completed and development work in progress amounted to PLN 21,2 million as of 31 December 2020.</p> <p data-bbox="199 763 687 1081">The Group capitalises game development and production costs incurred prior to the commencement of game sales or prior to the application of new technological solutions and presents them in the statement of financial standing as “Development work expenditure”.</p> <p data-bbox="199 1088 687 1570">The criteria for capitalisation of expenditure incurred in accordance with International Financial Reporting Standards 38 “Intangible Assets” (“IFRS 38”) require significant judgement of the Management Board both at the stage of initial measurement and recognition in the accounting books, as well as throughout the economic life of the effect of completed development work.</p>	<p data-bbox="710 479 1254 678">As part of our audit procedures, we documented our understanding and conducted an assessment of selected controls within the process of capitalising development work expenditure.</p> <p data-bbox="710 696 1254 775">We have reviewed and evaluated the Group’s accounting policies in this regard.</p> <p data-bbox="710 792 1254 909">Our procedures for the identified key investigation matter included, but were not limited to:</p> <ul data-bbox="758 936 1254 1877" style="list-style-type: none"> <li data-bbox="758 936 1254 1093">– assessing the eligibility of development work costs for capitalisation as assets, in accordance with IFRS 38,</li> <li data-bbox="758 1115 1254 1435">– reliability tests for selected components of development work costs. These procedures consisted of testing source documents, including those relating to the amounts of accrued remuneration subject to capitalisation and their allocation to individual assets,</li> <li data-bbox="758 1458 1254 1657">– analysis of assumptions and estimates on the expected lifetime, as well as assumptions that the Group will achieve future economic benefits attributable to the asset,</li> <li data-bbox="758 1680 1254 1877">– assessing the adequacy of the disclosures relating to development work expenditure described in note 7 and note 17 to the consolidated financial statements.</li> </ul>

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The professional judgement of the Management Board in assessing the eligibility of costs to be capitalised as well as the subsequent valuation of the recognised asset requires a detailed analysis of the assumptions performed. The Management Board's professional judgement applied may also have a significant impact on the recognition of development work costs in the statement of financial standing and the recognition of costs in the statement of comprehensive income, as well as the disclosures in the financial statements.

*Reference to disclosures in the consolidated financial statements*

The Group has included disclosure of its accounting policies in Section 3.3(f) and of the value of capitalised development work expenditure in the financial statements in note 18 "Development work expenditure" and impairment testing in note 7 "Significant estimates and assumptions applied in preparing the separate financial statements".

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**Impairment of non-current assets /  
Impairment of intangible assets  
including**

In the consolidated financial statements prepared as of 31 December 2020, the Group has presented:

- development work in the amount of PLN 21,2 million, including PLN 1.7 million under construction,
- shares in the amount of PLN 15,2 million,

Our audit procedures, in relation to the key audit matter described, included, but were not limited to:

- the assessment of the Management Board's analysis of the existence of indications of impairment,
  - the assessment of the Management Board's analysis of the existence of indications of impairment,
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which together account for approximately 40% of the balance sheet total.

Intangible assets with indefinite lifetimes as required by IFRS 36 "Impairment of Assets" ("IFRS 36") are tested annually for impairment by the Group.

In addition, due to the identified impairment indicators, the Group tested certain intangible assets.

The determination of impairment is based on estimates and forms part of the professional judgement of the Parent Company's Management Board.

The impairment tests are highly dependent on Management's estimates of projected cash flows, including those related to planned capital expenditure, the weighted average cost of capital and the marginal growth rate.

These estimates relate to future events and are therefore subject to significant risks due to changing market conditions. Due to the inherent uncertainty regarding the future realisation of significant assumptions and due to the materiality of these assets, we considered the impairment analysis of intangible assets and shares to be a key audit matter.

*Reference to disclosure in the financial statements*

- an assessment of the adopted level of the weighted average cost of capital,
- analysis of the adopted financial forecasts by comparing the key assumptions underpinning the tests performed to the market indicators, to the revenue streams, costs, margins and cash flows achieved to date, including an assessment of the performance of historical forecasts,
- checking the consistency of the assumptions made for impairment testing with other assumptions,
- an analysis of the macroeconomic assumptions made, including the discount rates used,
- checking the arithmetic validity of discounted cash flow models,
- obtaining detailed statements from the Parent Company's Management Board as to the completeness and correctness of the data and significant assumptions provided to us,
- assessing the accounting treatment of the results of impairment tests,
- assessing the adequacy of the disclosures concerning impairment testing, including the assessment of the prepared sensitivity analysis in terms of the requirements of IFRS 36 and IFRS 1 Presentation of Financial Statements

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The Group's disclosures relating to this matter are set out in notes 3.3 "Significant accounting policies applied by the Group" (f) - (h), 18. "Development work expenditure", 19. "Goodwill and other intangible assets", and 7 "Significant estimates and assumptions applied in the preparation of the consolidated financial statements" of the additional information to the financial statements.

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#### *Other issues*

The Group's consolidated financial statements for the year ended on 31/12/2019 were audited by an auditor acting on behalf of another audit firm who issued an unqualified opinion on 22/04/2020.

#### *Responsibility of the Management Board and Supervisory Board of Parent Entity for the consolidated financial statements*

The Management Board of Parent Entity is responsible for the preparation, based on the correctly kept books, of the consolidated financial statements that present a reliable and clear view of the Group's property and financial standing and its financial result, in accordance with the International Financial Reporting Standards approved by the European Union, the adopted accounting rules (policy) and provisions of law applicable to the Group and its Articles of Association, as well as for internal control that the Management Board deems necessary for the preparation of the consolidated financial statements free of any material misrepresentations due to a fraud or error.

When preparing the consolidated financial statements, the Management Board of Parent Entity is responsible for assessing the Group's ability to continue as a going concern, for disclosing, if applicable, any issues related to the continuation as a going concern and for adopting the going concern principle as the basis for accounting, except for a situation when the Management Board intends either to liquidate the Group or discontinue its business activities or when there exists no real alternative for the liquidation or discontinuation.

The Management Board of Parent Entity and the members of Supervisory Board of Parent Entity are obliged to ensure that the consolidated financial statements comply with requirements prescribed by the Accounting Act. The members of Supervisory Board are responsible for supervising the Group's financial reporting process.

*The auditor's responsibility for the audit of the consolidated financial statements*

We aim at obtaining rational certainty as to whether the consolidated financial statements as a whole do not contain any material misrepresentation due to a fraud or error, and at issuing an audit report with our opinion. The rational certainty is a high degree of certainty; nonetheless, it does not guarantee that the audit conducted in accordance with the NSAs will always detect the existing material misrepresentations. The misrepresentations can occur as a result of a fraud or error, and are deemed material if it can be rationally expected that either individually or jointly they could affect economic decisions of users taken based on such consolidated financial statements.

The scope of the audit does not include any assurance as to the Group's future profitability or the effectiveness or efficiency with which the Management Board of Parent Entity handles its affairs, either currently or in the future.

During the audit compliant with the NSAs, we apply professional judgment and scepticism, and:

- we identify and assess the risks of the material misrepresentation of the consolidated financial statements caused by a fraud or error, we design and conduct audit procedures corresponding to such risks, and we gather the audit evidence sufficient and adequate for us to form an opinion. The risk of failing to detect the material misrepresentation resulting from a fraud is greater than the one due to an error, as the fraud can refer to conspiracy, falsification, deliberate omissions, misstatements or circumvention of internal control;
- we gain understanding of the internal control suitable for the audit in order to design the audit procedures that are appropriate in the given circumstances, but not in order to issue an opinion on the effectiveness of the Group's internal control;
- we assess the relevance of the adopted accounting rules (policy) and the validity of accounting estimates and related disclosures made by the Management Board of Parent Entity;



- we draw conclusions as to the relevance of the going concern principle applied by the Management Board of Parent Entity as the basis for accounting and, based on the audit evidence, we draw conclusions whether there exists the material uncertainty related to events or conditions that could raise significant doubts as to the Group's ability to continue as a going concern. If we reach a conclusion that there exists the material uncertainty in this regard, in our audit report we are required to highlight related disclosures in the consolidated financial statements or, if such disclosures are inadequate, we modify our opinion. Our conclusions are based on the audit evidence gathered until the date of preparation of our audit report; however, the Group might discontinue its business activities as a result of future events or conditions;
- we assess the general presentation, structure and content of the consolidated financial statements, including disclosures, and whether the consolidated financial statements present underlying transactions and events in a manner that guarantees the reliable presentation;
- we obtain sufficient appropriate audit evidence about the financial information of entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for directing, supervising and performing the audit of the Group and remain solely responsible for our audit opinion.

We provide the Supervisory Board of Parent Entity with information about, among other things, planned scope and time of the audit and material findings of the audit, including any material weaknesses of the internal control identified during the audit.

We submit to the Supervisory Board of Parent Entity a statement that we have observed relevant ethical independence-related requirements and that we will inform it of any links and other issues that could be rationally considered a threat to our independence, and where applicable, we inform it of safeguarding measures applied.

From among the issues submitted to the Supervisory Board of Parent Entity, we have determined the ones that have been most significant during the audit of the consolidated financial statements for the current reporting period, which is the reason why we have deemed them to be the key audit issues. We describe these issues in our audit report, unless legal provisions or regulations prevent their public disclosure or when, in exceptional circumstances, we establish that the issue should not be presented in our report, because it might be rationally expected that negative consequences thereof would outweigh the benefit of such information for public interest.

## **Other information, including report on operations**

Other information comprises the report on the Group's operations for the financial year ended on 31/12/2020 (the "report on operations"), together with the corporate governance statement to in Art. 49b.1 of the Accounting Act, which are separate sections of the report, and the annual report for the financial year ended on 31/12/2020 (the "annual report") (jointly the "other information").

### *Responsibility of the Management Board and Supervisory Board of Parent Entity*

The Management Board of Parent Entity is responsible for the preparation of the other information in accordance with provisions of law.

The Management Board of Parent Entity and the members of Supervisory Board of Parent Entity are obliged to ensure that the report on Group's operations together with the separate sections thereof comply with requirements prescribed by the Accounting Act.

### *The auditor's responsibility*

Our opinion from the audit of the consolidated financial statements does not cover the other information. In connection with the consolidated financial statements audit, we are obliged to read the other information and to consider whether it is not materially inconsistent with the consolidated financial statements or with information gathered by us during the audit or if it otherwise seems materially misrepresented. If based on the work performed we detect any material misrepresentations in the other information, we are obliged to report it in our audit report. In line with requirements set forth by the Auditors Act, we are also obliged to issue an opinion as to whether the report on operations has been prepared in accordance with provisions of law and whether it is consistent with information included in the consolidated financial statements. Moreover, we are obliged to share the information whether the Group has made a statement on non-financial information, and to express an opinion as to whether the Group has included required information in its corporate governance statement.

We have received the report on the Group's operations prior to the preparation of this audit report. However, the annual report will be available after this date. If we detect any material misrepresentations in the annual report, we are obliged to inform the Supervisory Board of Parent Entity thereof.

### *Opinion on the report on operations*

Based on the work performed during the audit, in our opinion the report on the Group's operations:

- has been prepared in compliance with Art. 49 of the Accounting Act and Par. 71 of the Regulation of the Minister of Finance of 29/03/2018 on current and periodic information submitted by issuers of securities and terms of recognising information required by law of a non-member state as equivalent (the "Current Information Regulation", Journal of Laws of 2018, item 757);
- is consistent with the information included in the consolidated financial statements.

Moreover, in view of the information on the Group and its environment gathered during our audit, we represent that we have not identified any material misrepresentations in the report on the Group's operations.

### *Opinion on the corporate governance statement*

In our view, in its corporate governance statement the Group has included the information specified in Par. 70.6.5 of the Current Information Regulation. Further, in our opinion the information specified in Par. 70.6.5.c-f, h and i of the Regulation included in the corporate governance statement is compliant with applicable provisions and information included in the consolidated financial statements.

## **Report on other legal requirements and regulations**

### *Statement on rendered services other than the audit*

In line with our best knowledge and belief we represent that in the audited period we did not render for the Parent Entity, or for any entities controlled by it, any services other than the audit of annual financial statements, review of interim financial statements.

### Selection of the audit firm

We have been selected to audit the Group's consolidated financial statements with a resolution of the Supervisory Board of Parent Entity of 05/03/2020. We have audited the Group's consolidated financial statements for the first time.

The key auditor responsible for the audit serving as a basis for this audit report is Anna Ławniczak.

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no in the register: 13066

acting on behalf of UHY ECA Audyt Spółka z ograniczoną odpowiedzialnością Sp. k. of Warsaw, entered into the list of audit firms under entry No. 3115 on behalf of which the key statutory auditor has audited the consolidated financial statements.

Poznań 22/04/2021