



**MANAGEMENT REPORT  
OF BOOMBIT S.A.  
AND THE BOOMBIT S.A. GROUP  
for 2020**

Gdańsk 23 April 2021

*/The document is a translation,  
the original version in Polish shall prevail/*



**BOOMBIT**

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## **1 Letter from the CEO**

Dear Shareholders and Investors,

I am pleased to present to you the 2020 consolidated annual report of the BoomBit S.A. Group.

In accordance with our strategic assumptions, in 2020 we intensely developed the area of hyper-casual games, which has been responsible for the majority of the BoomBit Group's revenue since the first quarter of the previous year.

The dynamic growth of the hyper-casual segment, supported by satisfactory performance in the remaining segments, and proper scaling of user acquisition expenses made it possible to achieve very good results in terms of both the number of downloads of our games and the financial result.

In 2020, the BoomBit Group had PLN 140 million in revenue on sales, which means that we almost tripled the revenue versus 2019. In the past year, we had an EBITDA of PLN 22.3 million and a net profit of PLN 14.6 million, with our games downloaded over 200 million times, which gave a total number of downloads of our games above 800 million. Today, the total number of downloads of our games is about to reach 900 million and we expect to cross the symbolic barrier of 1 billion of downloads before the end of the year.

Our revenue keeps growing – it was PLN 43.7 million in the first three months of 2021, which is 16% more than the revenue for the first three months of 2020. It must be added that the revenue of the BoomBit Group in March 2021 was PLN 20.5 million, which is a record in the history of the Group.

The 2020 success, confirmed with revenue and financial results, was the result of the strategy change adopted at the beginning of 2020, i.e. adding the rapidly developing hyper-casual segment to our portfolio. We noticed the tremendous prospects it offered just in time and we decided to focus on developing and publishing games of this type. In 2020, hyper-casual games were responsible for about 70% of the Group's annual revenue.

It is our objective to turn the Publishing team – BoomHits, which we have been developing consistently ever since the spring 2020, into another major revenue stream. The task of the department is to work with hyper-casual game development studios from all over the world, e.g. Turkey, Australia, United Kingdom, India, USA, Russia and the Ukraine. We have also recorded our first success in this field – Shoe Race, a game which was created by the Turkish studio Cappuccino and premiered in March 2021, became a world hit as it took was first in the AppStore ranking of free-to-play games in 10 countries (including the USA and Germany) and was one of the TOP10 in 39 countries (including Canada, Poland, France and the United Kingdom). We have separated this internal publishing activity as BoomHits and we believe that it will be a material source of the BoomBit Group's revenue and performance in the next periods.

It must also be emphasised that our results are not based just on débuts – our portfolio includes valuable older hyper-casual titles, e.g. Slingshot Stunt Driver (created by TapNice within a joint venture with BoomBit) or Bike Jump, which were released over 9 months ago and continue to bring us regular substantial income.

The focus on hyper-casual games was accompanied by intense investment in the development of the teams in charge of UE campaigns and, development of marketing concepts and development of our own data analysis tools. We currently have advanced BI tools which allow us to highly accurately measure the quality of our campaigns in many

dimensions and successfully manage budgets. We also continuously develop our machine learning models to maximise the result of our campaigns.

Our activity is not limited exclusively to hyper-casual games – we broaden our portfolio also in the midcore (GaaS) segment, led by the popular games Darts Club and Archery Club.

Hunt Royale had its global première at the end of March 2020. The very good KPIs of the game regarding e.g. retention or monetisation during soft launch and its good reception by the players allows us to believe that the game will be successful in the market and will substantially increase the revenue of the midcore (GaaS) segment. The game has a chance of becoming a long-term hit and our most popular game of this type.

Furthermore, we still maintain our portfolio of legacy games (of the Parking Simulator and Bridge type) and we regularly port new titles to Nintendo Switch which bring us stable monthly revenue.

The BoomBit Group's success in international markets keeps growing.

Our marketing activity on industry websites in the form of podcasts, interviews or seminars delivered together with major developers is noticed by a growing gaming community.

The BoomBit brand is well known worldwide and it has very good reputation, which is visible in the number of downloads of our games, in growing revenue and in the increasing number of business proposals addressed to our Group.

To sum up, we focus on hyper-casual titles, we intensely develop publishing by working with experienced world class developers and we are open to doing business with new teams. We have a very strong long-term portfolio of hyper-casual games and we regularly launch new hits. We are also successful in the midcore segment.

We believe that those elements will allow us to achieve higher income, and our business and financial prospects for the next periods have never been better.

The full report is presented below.

Yours faithfully,

Marcin Olejarz

CEO of BoomBit S.A.

## **2 Basic information**

The BoomBit Group consist of the Parent Company ("BoomBit," "Company") and the Subsidiaries.

The duration of the parent and the Group companies is perpetual.

The Company was created in 2010 by Karolina Szablewska-Olejarz, who took up 100% of the shares. The Company's Articles of Association were drawn up as a notary deed in a Notary Office in Gdańsk before notary public Adam Wasak, as recorded in roll of deeds A No. 2938/2010. On 23 July 2018, the limited liability company Aidem Media sp. z o.o. was re-registered as a joint-stock company BoomBit S.A. The Company's Articles of Association were drawn up as a notary deed in a Notary Office in Gdańsk before notary public Izabela Fal on 9 July 2018, as recorded in Roll of Deeds A No. 6319/2018. In May 2019, the Company's shares were listed in the regulated market of the Warsaw Stock Exchange.

### **2.1 Basic information about the Parent Company**

Name and legal form	BoomBit Spółka Akcyjna
Registered office and country of establishment	Gdańsk, Poland
Address	ul. Zacna 2 80-283 Gdańsk
Phone	+48 504 210 022
E-mail	office@boombit.com
Website	www.boombit.com
Objects of business	Development and distribution of mobile games
NIP No.	9571040747
REGON	221062100
Share capital	PLN 6,710,00.00 – paid in full
KRS number	0000740933

### **2.2 Governing bodies of the Parent Company**

#### Board of Directors

On 31 December 2020 and on the date of this report, the Board of Directors consisted of:

- Marcin Olejarz – CEO,
- Anibal Jose Da Cunha Saraiva Soares – Vice-President,
- Marek Pertkiewicz – Director.

#### Company's Supervisory Board

In the period covered by this report, the Supervisory Board consisted of:

- Karolina Szablewska-Olejarz – Chairwoman of the Supervisory Board,
- Grażyna Gołębiowska – Deputy Chairwoman of the Supervisory Board,
- Wojciech Napiórkowski – Supervisory Board Member,

- Szymon Okoń – Supervisory Board Member,
- Jacek Markowski – Supervisory Board Member.

Ms. Grażyna Gołębiowska resigned as the Deputy Chairwoman of the Supervisory Board on 30 June 2020. On the same day, the Company's shareholder ATM Grupa S.A., acting in line with § 13(3)(2) of the Company's Articles of Association, appointed Mr. Marcin Chmielewski a Supervisory Board Member with effect from 01 July 2020.

On 31 December 2020 and on the date of this report, the Supervisory Board consisted of:

- Karolina Szablewska-Olejzarz – Chairwoman of the Supervisory Board,
- Marcin Chmielewski – Supervisory Board Member,
- Wojciech Napiórkowski – Supervisory Board Member,
- Szymon Okoń – Supervisory Board Member,
- Jacek Markowski – Supervisory Board Member.

### 2.3 Shareholder structure of the Company

The shareholding structure of BoomBit as at 31 December 2020 and as at the publication date of this report:

	Number of shares	Nominal value
Class A – registered shares with preference as to votes (2 votes per share)	6,000,000	3,000,000
Class B – ordinary bearer shares	6,000,000	3,000,000
Class C – ordinary bearer shares	1,300,000	650,000
Class D – ordinary bearer shares	120,000	60,000
	<b>13,420,000</b>	<b>6,710,000</b>

	Number of shares	Nominal value	Capital percentage	Voting percentage
Karolina Szablewska-Olejzarz	1,837,208	918,604	13.69%	14.61%
Marcin Olejarz	1,862,500	931,250	13.88%	14.74%
ATM Grupa S.A.	4,000,000	2,000,000	29.81%	30.90%
We Are One Ltd.*	3,725,000	1,862,500	27.76%	29.48%
Other shareholders	1,995,292	997,646	14.87%	10.27%
	<b>13,420,000</b>	<b>6,710,000</b>	<b>100.00%</b>	<b>100.00%</b>

\*100% of shares in We Are One Ltd. are held by Anibal Jose Da Cunha Saraiva Soares

## 2.4 Structure and organisation of the BoomBit Group

Composition of the Group as at 31/12/2020:

Entity name	Registered office	Objects of business	Capital tie description	% of ownership and voting rights	Control/Co-control start date
BoomBit S.A. (former Aidem Media Sp. z o.o.)	Gdańsk, Poland	development and publishing of computer games	parent	not applicable	not applicable
BoomBit Games Ltd.	London, United Kingdom	publishing of computer games	subsidiary/full	100%	28/02/2018
BoomBit Inc.	Las Vegas, USA	publishing of computer games	subsidiary/full	100% (through BoomBit Games)	28/02/2018
Play With Games Ltd.	Plymouth, United Kingdom	publishing of computer games	subsidiary/full	100%	30/03/2018
PixelMob Sp. z o.o.	Gdańsk, Poland	publishing of computer games	subsidiary/full	100%	28/02/2018
TapNice Sp. z o.o. (former BoomBooks sp. z o.o.)	Gdańsk, Poland	development and publishing of computer games	subsidiary/full	70%	16/10/2018
BoomHits Sp. z o.o.	Gdańsk, Poland	publishing of computer games	subsidiary/full	100%	16/10/2018
MoonDrip Sp. z o.o.	Gdańsk, Poland	development and publishing of computer games	joint venture/equity method	50%	22/06/2018
Mindsense Games Sp. z o.o.	Gdańsk, Poland	publishing of computer games	joint venture/equity method	100%	28/02/2018

The changes that took place in the structure of the Group in 2021 are presented in section 4 hereof.

The duration of the units comprising the Capital Group is not specified.



### 3 Selected financial data

#### 3.1 Rules of preparing the consolidated financial statements

The consolidated financial statements of the BoomBit SA Group for the year ended 31 December 2020 were prepared:

- in accordance with the International Financial Reporting Standards approved by the European Union,
- on a historical cost basis, except for financial instruments measured at fair value through profit or loss, in thousands PLN (PLN '000),
- with the assumption that the Group will continue as a going concern in the foreseeable future. By the date of preparing the financial statements, there were no circumstances that would suggest the existence of any threats to the Group continuing as a going concern.

The Board of Directors of the Parent Company used its best judgement as to application of standards and interpretations and as to the measurement methods and rules for individual items of the consolidated financial statements of the BoomBit S.A. Group in accordance with the EU IFRS for the year ended 31 December 2020. Due diligence was exercised in the preparation of tables and notes. The accounting principles (policy) applied to the preparation of the annual consolidated financial statements were presented in Note 3 of the consolidated financial statements of the BoomBit S.A. Group for the year ended 31 December 2020.

#### 3.2 Overview of the economic and financial figures disclosed in the annual consolidated financial statements

##### Basic consolidated financial data

(PLN '000)

	<b>01/01/2020– 31/12/2020</b>	<b>01/01/2019– 31/12/2019</b>	<b>2020-2019</b>	<b>2020/2019</b>
Revenue on sales	140,236	49,734	90,502	181.97%
Cost of goods sold	(115,307)	(45,108)	(70,199)	155.62%
Gross profit on sales	24,929	4,626	20,303	438.89%
EBIT	9,665	(10,972)	20,637	188.09%
<b>Net profit</b>	<b>14,585</b>	<b>(9,878)</b>	<b>24,463</b>	<b>247.65%</b>

(PLN '000)

	<b>31/12/2020</b>	<b>31/12/2019</b>	<b>2020-2019</b>	<b>2020/2019</b>
Development costs	21,162	29,585	(8,423)	-28.47%
Other tangible assets	26,490	18,397	8,093	43.99%
Cash and cash equivalents	20,748	3,530	17,218	487.76%
Other current assets	21,942	15,183	6,759	44.52%
<b>Total assets</b>	<b>90,342</b>	<b>66,695</b>	<b>23,647</b>	<b>35.46%</b>
Equity	66,822	51,021	15,801	30.97%
Long-term liabilities	3,684	2,465	1,219	49.45%
Short-term liabilities	19,836	13,209	6,627	50.17%
<b>Total liabilities</b>	<b>90,342</b>	<b>66,695</b>	<b>23,647</b>	<b>35.46%</b>

Consolidated quarterly performance data

	Q4 2019	12 months of 2019	Q1 2020	Q2 2020	Q3 2020	Q4 2020	12 months of 2020	2020- 2019	2020/2 019
<b>Revenue, including:</b>	12,708	<b>49,734</b>	37,793	32,389	35,776	34,278	<b>140,236</b>	90,502	182%
micropayments and sale of digital copies	5,367	<b>25,348</b>	6,470	7,330	8,951	5,915	<b>28,666</b>	3,318	13%
Advertising	7,007	<b>22,718</b>	30,567	24,973	26,755	28,053	<b>110,348</b>	87,630	386%
<b>Main variable costs:</b>	7,337	<b>29,497</b>	23,367	20,871	22,094	20,312	<b>86,644</b>	57,147	194%
Commissions of platforms	1,607	<b>7,625</b>	1,938	2,202	2,679	1,897	<b>8,716</b>	1,091	14%
User Acquisition	3,316	<b>13,742</b>	18,973	16,276	16,835	16,739	<b>68,823</b>	55,081	401%
Rev share	2,414	<b>8,130</b>	2,456	2,393	2,580	1,676	<b>9,105</b>	975	12%
<b>Revenue minus main variable costs</b>	5,371	<b>20,237</b>	14,426	11,518	13,682	13,966	<b>53,592</b>	33,355	165%
<b>EBITDA</b>	(5,545)	<b>(4,346)</b>	10,409	5,644	6,105	126	<b>22,284</b>	26,630	613%
Financial revenue/expenses	2	<b>(144)</b>	31	15	11	8,505	<b>8,562</b>	8,706	6046%
<b>NET PROFIT/LOSS</b>	<b>(6,947)</b>	<b>(9,878)</b>	<b>6,360</b>	<b>2,011</b>	<b>2,005</b>	<b>4,209</b>	<b>14,585</b>	<b>24,463</b>	<b>248%</b>
One-time events*	5,785	<b>6,474</b>	-	-	377	(2,299)	<b>(1,922)</b>	(8,396)	130%
Current/deferred tax on one-time events	(1,099)	<b>(1,230)</b>	-	-	(72)	437	<b>365</b>	1,595	130%
<b>Adjusted EBITDA</b>	240	<b>2,128</b>	10,409	5,644	6,482	6,394	<b>28,929</b>	26,801	1259%
<b>Adjusted NET PROFIT/LOSS</b>	<b>(2,261)</b>	<b>(4,634)</b>	<b>6,360</b>	<b>2,011</b>	<b>2,310</b>	<b>2,347</b>	<b>13,028</b>	<b>17,662</b>	<b>381%</b>
<i>minority interest</i>	-	-	-	-	924	1,133	<b>2,057</b>	2,057	-

\* In 2019 – IPO costs and impairment losses on development costs. In 2020 – impairment losses on development costs, impact of the transaction regarding SuperScale Sp. z o.o. and costs of securing the grant for the GameInn project

In the current reporting period, the Group focused on the hyper-casual segment. It also continued to produce and publish its own midcore games in the Games as Service ("GaaS") model, as well as games in the Driving Simulator and Bridge (Puzzle-type logical games) segment, and to port titles to Nintendo Switch. At the same time, the Group intensely developed its competencies, resources and tools in User Acquisition, Business Intelligence, Publishing and Marketing Creatives, and it invested in collaboration with foreign game development studios.

The Group's total revenue in 2020 (PLN 140,236,000) was 182% higher than in the previous year (PLN 49,734,000); the revenue structure changed significantly as well. The revenue growth involved primarily hyper-casual games, which

monetise themselves mainly through advertisements. As a result, the share of revenue on advertisements in total revenue grew in 2020 to 79% (versus the 46% in the analogical period in the previous year).

The increase in revenue on games was accompanied by an increase in the main variable costs directly related to sales. The increase resulted mainly from the higher User Acquisition costs, which were PLN 68.8 million and were PLN 55.1 million (i.e. 401%) higher than in 2019.

More details on the Group's revenue and performance in particular game genres are available in section 16 of this report.

The cost of sale in 2020 was PLN 115.3 million, which was PLN 70.2 million, i.e. 156% more than in the previous year (PLN 45.1 million). Aside from higher User Acquisition expenses (see above), the share of main variable costs in total revenues dropped considerably. The change in the sales structure was followed by a drop in the share of platform commissions, which represent 30% of the revenue on micropayments. The rev share cost in relation to revenue less UE expenses and less platform commissions dropped in the current period to 15%. The growth of non-production teams, mainly in User Acquisition, Publishing, Business Intelligence and Marketing Creatives areas, was accompanied by increased staff costs, which were PLN 10,271,000 in 2020, i.e. PLN 4,121,000 more than in the previous year. Additionally, due to the specificity of the development of hyper-casual games, more production costs were recognised in the profit and loss account than in the year before. Furthermore, the Company intensely invested in the area of collaboration with foreign development teams specialised in hyper-casual games, which led to a PLN 2,437,000 increase in the cost of outsourced services. Premières of new games and a shorter amortisation period for hyper-casual games increased the amortisation costs, which were PLN 12.6 million (versus the PLN 6.6 in 2019).

General administrative costs were PLN 9.3 million, i.e. PLN 0.3 million (3%) less than in the previous year.

EBITDA adjusted by one-time events was PLN 28.9 million in the current year (versus the PLN 2.1 million in the previous year), while net profit adjusted by one-time events was PLN 13.0 million (versus the PLN 4.6 loss in 2019).

The Group's total assets as at 31 December 2020 were PLN 90.3 million, i.e. PLN 23.6 million more than in 2019. The increase resulted mainly from: the higher cash balance, which was PLN 20.7 million (PLN 3.5 million at the end of the previous year), the fair value measurement of the SuperScale Sp. z o.o. shares held by the Company (PLN 6.4 million), and the trade receivables increase to PLN 14.6 million (versus the PLN 7.1 million at the end of the previous year) in connection with the substantial revenue growth.

The most important amount in other receivables is VAT receivables (PLN 5.3 million at the end of the current reporting period versus the PLN 2.2 million at the end of 2019). The increase was connected with higher UA expenses, which led to a higher amount of the tax to be refunded. The majority of the receivables should be paid to the Company in the next quarter.

As far as liabilities are concerned, the total liabilities were PLN 23.5 million, which was a PLN 7.8 million increase versus the balance at the end of December 2019. The increase resulted primarily from trade liabilities (a PLN 6.3 million growth), which was mostly due to User Acquisition costs.

### 3.3 Overview of the economic and financial figures disclosed in the annual standalone financial statements

#### Basic standalone financial data

(PLN '000)	01/01/2020– 31/12/2020	01/01/2019– 31/12/2019	2020-2019	2020/2019
Revenue on sales	100,883	34,584	66,299	191.70%
Cost of goods sold	(89,211)	(30,360)	(58,851)	193.84%
Gross profit on sales	11,672	4,224	7,448	176.33%
EBIT	(1,812)	2,019	-3,831	189.75%
<b>Net profit</b>	<b>6,449</b>	<b>(6,777)</b>	<b>13,226</b>	<b>195.16%</b>

(PLN '000)	31/12/2020	31/12/2019	2020-2019	2020/2019
Development costs	19,792	27,078	(7,286)	-26.91%
Other tangible assets	21,374	13,841	7,533	54.43%
Cash and cash equivalents	15,626	2,325	13,301	572.09%
Other current assets	21,978	20,615	1,363	6.61%
<b>Total assets</b>	<b>78,770</b>	<b>63,859</b>	<b>14,911</b>	<b>23.35%</b>
Equity	60,471	53,164	16,261	46.78%
Long-term liabilities	3,604	2,335	(873)	-26.15%
Short-term liabilities	14,695	8,360	1,555	13.34%
<b>Total liabilities</b>	<b>78,770</b>	<b>63,859</b>	<b>16,943</b>	<b>34.05%</b>

The Company's revenue for 2020 was PLN 100.9 million, i.e. PLN 66.3 million (192%) more than in the previous year. In the current year, the main sources of the Company's revenue were: the advertisements displayed in the games published by the BoomBit Group companies – a total of PLN 86.1 million, which was 85% of total revenue (versus the 15% in the previous year), and rev share revenue from affiliates – a total of PLN 13.3 million, i.e. 13% of total revenue (versus the 79% in the previous year).

The increase in revenue on games was accompanied by an increase in cost of sale. The cost of sale in 2020 was PLN 89.2 million, which was PLN 58.9 million, i.e. 194%, more than in 2019 (PLN 30.4 million). The increase results mainly from higher User Acquisition expenses (a PLN 43.0 million growth). The development of non-production teams, mainly in User Acquisition, Publishing, Business Intelligence and Marketing Creatives areas, was accompanied by an increase in staff costs, which were PLN 9.8 million, i.e. PLN 4.6 million more than in the previous year. Additionally, due to the specificity of the development of hyper-casual games, more production costs were recognised in the profit and loss account than in the year before. Furthermore, the Company intensely invested in the area of collaboration with foreign development teams specialised in hyper-casual games, which led to a PLN 2.4 million increase in the cost of outsourced services. Premières of new games and a shorter amortisation period for hyper-casual games increased the amortisation costs, which were PLN 12.4 million (versus the PLN 6.5 in 2019).

In the current period, the Company recognised a total of PLN 5.0 million impairment losses on development costs in connection with impairment tests and the decision not to continue to work on several projects in the production pipeline. Details regarding the impairment losses are presented in section 4 hereof.

The Company's assets as at 31 December 2020 were PLN 78.8 million, i.e. PLN 14.9 million more than at the end of 2019. The increase resulted mainly from: the higher cash balance, which was PLN 15.6 million (PLN 2.3 million at the

end of the previous year), the fair value measurement of the SuperScale Sp. z o.o. shares held by the Company (PLN 6.4 million), and the trade receivables increase to PLN 16.9 million (versus the PLN 12.7 million at the end of the previous year) in connection with the substantial revenue growth.

For liabilities, the Company had a PLN 6.3 million increase in trade liabilities, which resulted mainly from higher User Acquisition expenses.

The share capital grew in the analysed period (by PLN 7.3 million) in connection with the net profit achieved by the Company (PLN 6.5 million) and with the PLN 858,000 increase in other capitals due to entry of the Company's share warrants in the books (see Note 29 of the standalone financial statements).

### 3.4 Group profitability analysis

Profitability indexes	Formula	01/01/2020– 31/12/2020	01/01/2019– 31/12/2019
Gross margin on sales	Profit / Gross loss on sales / revenue on sales	17.80%	9.30%
EBIT margin	Profit / Operating loss / revenue on sales	6.90%	-22.10%
EBITDA margin	Profit / Operating loss plus depreciation and amortisation / revenue on sales	15.90%	-8.70%
Net profit margin	Profit / Net loss / revenue on sales	10.40%	-19.90%
Return on assets ROA	Profit / Net loss / Assets at the end of period	16.10%	-14.80%
Return on equity ROE	Profit / Net loss / equity at the end of period	21.80%	-19.40%

Adjusted profitability indexes*	Formula	01/01/2020– 31/12/2020	01/01/2019– 31/12/2019
EBIT margin	Profit / Operating loss / revenue on sales	11.60%	-9.90%
EBITDA margin	Profit / Operating loss plus depreciation and amortisation / revenue on sales	20.60%	3.40%
Net profit margin	Profit / Net loss / revenue on sales	9.30%	-10.00%
Return on assets ROA	Profit / Net loss / Assets at the end of period	14.40%	-7.50%
Return on equity ROE	Profit / Net loss / equity at the end of period	19.50%	-9.80%

\* In 2019 – IPO costs and impairment losses on development costs. In 2020 – impairment losses on development costs, impact of the transaction regarding SuperScale Sp. z o.o. and costs of securing the grant for GameInn

The Group's profitability indexes improved substantially versus 2019, which was caused primarily by a significant increase in revenue and profitability due to the successfully developed portfolio of hyper-casual games. The improvement of the net profit margin additionally resulted from a one-time event, i.e. sale of and change of the method of measuring the shares in SuperScale Sp. z o.o. (see section 4 of this report).

### 3.5 Description of the structure of assets and equity & liabilities of the consolidated balance sheet, including in terms of the liquidity of the Issuer's capital group

The information regarding the structure of assets and liabilities is presented in section 3.2 of this report.



### **3.6 Description of the structure of major capital deposits or major capital investments made within the Issuer's capital group in the relevant financial year**

As at 31 December 2020 and as at the date of this report, the Company and the subsidiaries forming the Group had no capital investments other than the shares held in subsidiaries, in co-controlled entities and in SuperScale sp. z o.o.

### **3.7 Description of significant off-balance-sheet items in terms of the subject, scope and value**

As at 31 December 2020 and as at the date of this report, the Company and the subsidiaries forming the Group had no major off-balance-sheet items, except for the security on the trade receivables from the foreign business partner ("business partner") – see the description in the standalone and consolidated financial statements, in Note 18 and 20 respectively.

## **4 Description of the most important events influencing the activity and performance of the BoomBit Group in the period covered by the report and by the report publication date**

### Revision of strategy

Details regarding strategy revision are presented in section 11 of this report.

### Area of game development and publishing

In connection with the revision of its strategy, the Group focused on the development and publishing of hyper-casual games, which generated 70% of the Group's total revenue in 2020 and, according to the estimated data for Q1 2021, their share was 80.8%. More details on the area of game development and publishing is available in sections 5 and 16 of this report.

### Investment contract regarding the terms and conditions of investing in SuperScale Sp. z o.o. ("SuperScale")

Details regarding the contract are presented in section 19 of this report.

In connection with changes in the SuperScale shareholding structure, the Company is no longer an entity co-controlling SuperScale, nor will it have significant influence. As a result, starting from Q4 2020, the Group stopped measuring its shares in SuperScale according to the equity method. In accordance with IFRS 9, the shares were classified as financial assets measured at fair value through profit or loss.

As a result of the above transaction, the Group will recognise a total profit/loss of PLN 8.5 million in the profit and loss account in Q4 2020, which consisted of two elements:

- Profit on the sale of shares – PLN 2.1 million
- The difference between the measurement of the shares in SuperScale according to the equity method and according to the fair value – PLN 6.4 million.

#### Impairment losses on development costs

Based on the completed impairment tests, the Board of Directors decided to apply impairment losses to 6 games, totalling PLN 1.97 million (PLN 2.34 million in the standalone financial statements): Idle Coffee Corp, Cooking Festival, Mighty Heroes, Tiny Gladiators 2, Word Search Heroes and Tiny Tomb: Dungeon Explorer. The impairment losses were caused by worse than assumed performance of the above titles, which the Issuer believes to have limited chances of improving in the future so the Issuer is not planning to continue to further develop them.

The Group also assessed the projects in the development pipeline for which work was suspended in connection with revision of strategic objectives and intense development of the portfolio of hyper-casual games. In order to optimise the resources and competencies, the Company decided not to continue five projects at various stages of advancement (John Doe, Guns Club and games from the Sport, Racing and Puzzle categories) and to make impairment losses for a full value of those assets – PLN 4.36 million in total (if which PLN 2.62 million in the standalone financial statements).

The Board of Directors is convinced that discontinuation of the above projects in connection with the adopted strategy of focusing on hyper-casual games plus continued involvement in GaaS games with a high monetisation potential, continuation with the Group's current portfolio and release of more titles for Nintendo Switch is the most beneficial solution from the perspective of the Shareholders. The positive impact of the publishing strategy is visible in higher revenue and operating results and in particular in the beneficial cash flows generated by the operations of the Company and the BoomBit Group since the beginning of 2020.

#### Investment in development of collaboration with foreign development studios

In the current period, the Group intensely invested to develop the collaboration with foreign development studios specialising in hyper-casual games. A team of experienced international specialists was built for this purpose and put in charge of building the relations with such studios, working with them on a regular basis in terms of game prototype/idea testing, and handling the publishing activities. At the beginning of 2021, the above area of the Group's activity was moved to the subsidiary BoomHits Sp. z o.o. The Group assumes that the publishing activity in the hyper-casual segment will help further improve the Group's revenue and performance in the next periods.

#### Investment in the development of teams and tools to support the performance of User Acquisition campaigns

Considering the continuously developed collaboration with foreign development studios and the growing portfolio of hyper-casual games, the Group intensely invested in the development of teams in User Acquisition, Marketing Creatives, Data Analysis and Business Intelligence areas in the current period. The Group found high-class specialists in those areas. Their work resulted in tools that substantially improve the profitability analysis process for the already bought user groups and the process of generating prices for new users (so called 'bidding') to maximise their profitability. The Group is on the path towards full automation of that process. The Group assumes that the above activities will help further improve game monetisation and the effectiveness of the UE campaigns.

#### Project grant agreement signed under the Smart Growth Operational Programme with the National Centre for Research and Development (NCBiR)

On 15 September 2020, the Company signed a project grant agreement under the Smart Growth Operational Programme ("Agreement") with the National Centre for Research and Development (NCBiR) for project: *Development*

*of a system based on an artificial intelligence algorithm to modifies game parameters during the gameplay in order to maximise the revenue of game creators who use Unity and to increase their savings in the process of adapting games to the needs of gamers ("Project").*

Under the Agreement, the total Project implementation cost and the total eligible cost is PLN 7 million, while the awarded grant is PLN 3.8 million, which is 53.25% of the total costs eligible for Project support. The remaining Project costs will be covered by the Company's own resources. The grant will be disbursed based on payment applications submitted by the Company according to the specified schedule, at least once every 3 months starting from the Agreement date. Until the date of this report, the Company received a grant of PLN 613,000.

#### Events after the balance sheet date

- In connection with compliance with the requirements of the investment contract signed on 01 July 2020 regarding the sale of shares in TapNice sp. z o.o. (former BoomBooks sp. z o.o.), BoomBit sold 10 shares, representing 10% of the share capital of that company, to the co-shareholder for a price equal to their nominal value, i.e. PLN 500. The interest of BoomBit in TapNice sp. z o.o. as at the date of these financial statements is 60%.
- ADC Games Sp. z o.o. with a share capital of PLN 5,000 was founded on 23 February 2021, with the Company as its 100% shareholder. 07 April 2021 was the date of signing an investment contract with a UK development studio App Design Dot Company Ltd. ("ADC") and a contract involving sale of 50% of the shares of ADC Games Sp. z o.o. to ADC for a price equal to their nominal value, i.e. PLN 2,500. ADC Games Sp. z o.o. will produce and publish hyper-casual games.

## **5 Growth prospects for the activity of the Group in the current financial year**

In connection with the success of the hyper-casual games released in 2020, the Group is planning to maintain substantially increased involvement in production and in marketing campaigns for this genre.

Characteristics of hyper-casual games:

- The production cost is much lower than for GaaS games due to the shorter production time. This substantially limits the risk connected with dedication of resources to specific titles.
- Games from this genre are open to the widest possible group of potential users, which makes the User Acquisition cost relatively low. The Group is able to manage effective User Acquisition campaigns with a much shorter period of return on investment than for GaaS games – just a few days.
- The games are monetised primarily through advertisements so no extra commissions of mobile distribution platforms are deducted from this revenue.

To the best of its knowledge as at the report publication date, the Group estimates that the total revenue on games in Q1 2021 will be about PLN 43,681,000, 80.8% of which attributable to hyper-casual games. The Group also expects the UA costs to be about PLN 23,422,000, with over 90% of that cost attributable to hyper-casual games. Information about the monthly revenue on sales in Q1 2021 was reported in ESPI current reports.

In view of the foregoing, we expect hyper-casual games to keep having a highly positive impact on performance in 2021.

Hunt Royale, which is a GaaS game, was issued in March 2021, while Idle Inventor Factory Tycoon (another game in this segment) is planned to be released in Q2 2021. Furthermore, the Group will continue to release games for Nintendo Switch (4 games premiered on that platform in 2021 by the date of this report) and will keep its current portfolio of games in the genres where it is the leading developer, i.e. Driving Simulator and Bridge.

On top of that, the Group will continue to invest intensely in collaboration with foreign development teams specialising in hyper-casual games (which may result in higher costs of outsourced services because the Group finances the costs of prototypes). At the same time, the Group has decided to move this area of activity to BoomHits sp. z o.o., which company will be in charge of collaboration with external developers and publishing of the hyper-casual games created by those studios.

The Group also recognises the threat connected with the potential global epidemic crisis which may cause an economic downturn, recession in stock markets and slow down the development of the Group's products. Many factors are beyond the Group's control but the Group takes the steps to minimise the threat and to complete its works by deadlines. The specificity of the Group permits remote work without this significantly affecting the operating activity.

The Group also expects the epidemiology crisis to have a positive impact on the game industry and thus on the Group's financial results in the current financial year. Limited access to traditional entertainment segments due to the restrictions introduced by the authorities of many countries may increase the number of mobile game users and result in longer sessions, especially in the segment of free-to-play games.

In connection with its activity, the Group is exposed to the currency risk because the dominant settlement currencies are foreign currencies, especially US dollar. As a result, the value of the Group's revenue is negatively correlated to the value of the Polish currency. Appreciation of PLN against foreign currencies may have a negative impact on some of the presented items of the Group's consolidated financial statements, and especially on revenue on sales, which may in turn have a negative impact on the Group's financial result considering that overheads are partially borne in PLN.

The change in Apple's privacy policy (App Tracking Transparency) may be an important issue for the growth prospects regarding the activity of the Group in the current financial year. In 2021 Apple introduced a function on its devices which asks the phone user whether the app (in the case of the Group – the game) is allowed to track the user in other apps or on other websites of third parties to adapt advertisements or to share information with data brokers. If the user does not consent, the advertisements will not be profiled. It is not yet possible to accurately determine the impact of the change. However, the Group expects that this may quickly result in drop in the profitability of advertisements (on the side of monetisation) and drop in advertisement prices (on the side of User Acquisition), which may affect financial results.

## **6 Major research & development achievements**

In Q3 2020, the Company started to work on the project "Development of a system based on an artificial intelligence algorithm to modify game parameters during the gameplay in order to maximise the revenue of game creators who use Unity and to increase their savings in the process of adapting games to the needs of gamers" ("GameInn Programme").

Furthermore, the Company was engaged in development work connected with new games and with further development of existing titles as well as of its own tools to support the game development process and data analysis in the User Acquisition area. In Q4, the Group implemented two of its own tools to support that process:

- a Business Intelligence tool for analysis the profitability of campaigns and revision of prices ("bids")
- advanced calculators, also ones that use machine learning algorithms, to support the bid determination process.

The above tools currently support the majority of the marketing campaigns managed by the Group. They are also continuously developed and they keep being provided with new features.

## **7 Current and anticipated financial standing**

Due to the significant revenue growth and the positive cash flows in 2020 the current financial standing of the Company and the Group is stable. The Company expects its financial flows and results to improve in the nearest future.

## **8 Treasury shares**

In the period covered by this report and until the publication date of this report, the Company and the BoomBit Group did not have any treasury shares.

## **9 Company branches (subsidiaries)**

In the period covered by this report and until the publication date of this report, the Company and the BoomBit Group did not have any branches or agencies.

## **10 Financial instruments**

The Company does not use any financial instruments for the price risk, the credit risk, the risk of material cash flow disruptions and the liquidity risk. No hedge accounting is applied.

## **11 Growth strategy**

Striving to increase the value of the Company and the Group, the Issuer regularly analyses the current trends in the market of mobile games in order to adapt the publishing plan to the dynamically changing preferences of players, using the resources and competencies at its disposal.

In ESPI report no. 39/2020 of 16 November 2020, the Company reported that the current objective of the Company and the Group was to intensely develop the hyper-casual segment and to manage marketing campaigns for such games. The Company does not preclude releasing more GaaS games in the future but the number of GaaS game releases in the coming years may be lower than specified in the Group's production and publishing plans indicated in ESPI current report no. 5/2020 dated 03 February 2020.

Furthermore, the Group will continue to release games for Nintendo Switch and will keep its current portfolio of games in the genres where it is the leading developer, i.e. Driving Simulator and Bridge.



The Board of Directors is convinced that the decision to focus on hyper-casual games is the most beneficial for the Shareholders due to the potential for further growth or revenue and performance of the Company and the Group.

In order to pursue the BoomBit Group's Strategy, the main competitive advantages of the Group were comprehensively strengthened in the period covered by the management report. The most important competitive advantages of the BoomBit Group are:

- brand recognition in the mobile games industry,
- intensely developed collaboration with experienced development studios specialising in hyper-casual games,
- understanding of market trends and the ability to commercialise games of selected genres,
- flexible structure which allows the Group to adapt its resources and competencies to dynamically changing market conditions,
- diversification of revenue sources in terms of game genres, revenue type (advertisements/micropayments) and geographic structure,
- a team of experts and analytical tools in the area of User Acquisition and Monetisation optimisation,
- internally developed tools allowing the Group to shorten the production process and optimise unit costs of game production (known as CORE),
- use of free-of-charge game promotion in Digital Distribution stores – Featuring,
- efficient use of tools for promotion of the Group's own titles in other games released by the Group (Cross-Promo),
- high positioning in Digital Distribution platform search results in the currently supported genre categories, the position of a leading developer – Driving Simulator, Bridge (Puzzle-type games),
- they key production team involved in growing the BoomBit Group's value, motivated for instance by Revenue Sharing, i.e. remuneration for the production team based on success of the specific production.

## **12 Description of the policy pursued by the Issuer's Group as regards the development directions**

The Group's policy regarding its development directions is described in section 5 of this report, which presents the growth prospects for the activity of the Group in the current financial year.

## **13 Risk management**

This section presents the information about the main risk factors connected with the BoomBit Group. The list is not exhaustive. Given the complexity and variability of the conditions of running the business, there may be other factors, not included herein, which could negatively affect the activity of BoomBit and its financial standing.

The Board of Directors of BoomBit attempts to minimise the Company's exposure to all diagnosed risks in its management of the business.

The order in which the following risk factors are presented does not reflect their significance, likelihood or potential impact on the activity of the BoomBit Group.

### **13.1 Risk factors related to the environment in which the BoomBit Group operates**

#### Risks related to the macroeconomic environment

The BoomBit Group runs its business in international markets – mainly in Europe, North America and Asia. Changes of macroeconomic factors in the global market, such as the GDP growth rate, the income and expenses of households, the level of wages, the fiscal and monetary policy, are beyond the control of the BoomBit Group but they have an impact on the Group's revenue. Bad economy in the global market may result in reduction of household consumer expenses, reduced demand for entertainment services and products, which are not basic necessities, and worse access to funds. The risk factor may have a negative impact on the business, financial standing, growth prospects, performance of the BoomBit Group or the market price of shares.

#### Risk related to changes in tax legislation

Changes in domestic and EU tax legislation have a major impact on the BoomBit Group. The policy of tax authorities and the court judgements as regards the tax legislation are not uniform. This creates a potential risk that tax authorities may adopt a different interpretation of the law than the BoomBit Group, which may result in tax arrears. Changes in indirect taxes are an additional risk for the BoomBit Group as they may have a negative impact on the Group's financial standing. Any VAT changes may adversely affect the profitability of the Group's products in connection with reduced demand from the final recipients.

#### Risk related to introduction of stricter legislation that applies to the sale of BoomBit products

Considering the specificity of the products offered by the BoomBit Group, there is a risk that the government may introduce stricter legislation that applies to the sale of such products, e.g. legislation limiting the age groups of the consumers to whom the BoomBit Group's products may be addressed. Considering the tendency to promote an active lifestyle, there is a risk that similar rules will be introduced in countries where the BoomBit Group's products are distributed. Stricter legislation regulating the sale of the products offered by the Group may adversely affect the sales results of the BoomBit Group companies and, as a consequence, the financial results of the BoomBit Group.

#### Risk of additional legal restrictions

Given the specificity of the BoomBit Group's products, their content may fail to meet some unusual requirements laid down in the applicable laws. Games must be adapted to the theme and their purpose, which is why they often contain violence, coarse language and content prohibited for minors. At the same time, it is hard to limit the contact of children and young people with products intended for adults if those products are generally available. So there is a risk that stricter legislation may be introduced in a certain market where a BoomBit Group company operates and exclude some of the BoomBit Group's products from trade. Such specific legislation could adversely affect the activity of the BoomBit Group and result in a drop in sales and thus in deterioration of the BoomBit Group's financial results.

#### Risk related to personal data protection

Within its business, and especially in connection with running the business through the Internet and with a loyalty program, BoomBit S.A. is a controller of detailed personal data of particular customers and such data are protected under the Polish Personal Data Protection Act. Personal data are processed by the Group on the terms as defined in the applicable laws, and especially in the Polish Personal Data Protection Act and in the GDPR. Since BoomBit employees

provide customer service, there is a risk of unauthorised disclosure of personal data, e.g. through illegal actions of an employee, or a risk of data loss as a result of failure of the IT systems used by the Group.

If any data protection legislation is breached or personal data are disclosed in violation of the law, the Group may face criminal or administrative sanctions imposed against it or the members of the governing bodies of the Group's companies. Unlawful disclosure of personal data may also result in civil claims against the Group, especially for infringement of personal rights.

Breach of personal data protection regulations may also adversely affect the reputation or credibility of the Group and as such decrease the Group's customer base and have a significant negative impact on the activity, results, situation or growth prospects of the Group, as well as the share price.

#### Risk of changes to privacy rules

The Group recognises the risk of Apple's privacy policy changes which are described in section 5 hereof: "Growth prospects for the activity of the Group in the current financial year." To limit the potential negative consequences of those changes, the Group done extensive preparatory work, including tests on selected user groups, which showed that a vast majority of users agree to the display of personalised advertisements provided that they are informed about the consequences of not giving such consent (i.e. display of advertisements not matched to their interests, lower revenue for game developers). The preparations to the privacy policy changes included also adapting the existing database architecture and adapting the profitability models and the models used to set prices ("bids"). From the perspective of game monetisation, any privacy policies changes may temporarily reduce the revenue from the display of a single advertisement for those users who refused to give their consent. On the other hand, the User Acquisition costs for such a user may be expected to drop. At the same time, the majority of marketing campaigns in the hyper-casual segment are not targeted and the ID of a specific user is not an important piece of information to the Group.

#### Currency risk

The BoomBit Group is exposed to a currency risk in its business. Since the sale of the Group's products is addressed to foreign markets (such as North America, Europe, Asia), the dominant accounting currencies in foreign transactions are US dollar, euro and pound sterling. As a result, the value of the BoomBit Group's revenue is negatively correlated to the value of the Polish currency. Appreciation of PLN against USD, EUR and GBP may have a negative impact on some of the presented items of the BoomBit Group's consolidated financial statements, and especially on revenue on sales, which may in turn have a negative impact on the Group's financial result considering that fixed production costs are borne in PLN. The BoomBit Group regularly analyses the need to apply hedging against the currency risk. As at the date of this report, the BoomBit Group does not apply any hedging to secure itself against the currency risk.

#### Risk related the situation in the advertising industry

The most important item of the BoomBit Group's revenue is currently revenue on advertising. As a consequence, the situation in the advertising industry is a factor that determines the profit/loss of the BoomBit Group. The advertising industry, including the online advertising industry, is highly vulnerable to economy fluctuations. Quick economic growth as measured by the GDP growth is conducive to the growth of that market, while a mere GDP growth slowdown may significantly reduce the value of advertising expenses. A risk of a considerable drop of demand on the part of advertisers during bad economy cannot be ruled out; it could result in a drop in revenue and deterioration of the BoomBit Group's

financial standing. The risk of bad economy in the industry is closely tied to the situation in the market of mobile games because games represent the majority of advertisements displayed inside apps. The risk factor may have a negative impact on the business, financial standing, growth prospects, performance of the BoomBit Group or the market price of shares.

#### Competition risk

Due to the low entry barriers for new entities and easy access to global distribution of new products, the market of mobile games is a competitive market. Consumers are offered a wide range of often similar products. The competitive market requires the BoomBit Group to continue to improve the quality of products and search for new themes that could attract the interest of a wide audience. New products keep emerging in the market which creates the risk that the recipients may lose interest in some of the BoomBit Group's products in favour of the products of its competitors. The BoomBit Group operates in an international market, which is why its business can be adversely affected by the activity of competitive entities worldwide. The game production market is a developing market so there is a risk that new competitors of the BoomBit Group may appear and offer similar products. This may reduce the interest of consumers in the BoomBit Group's products in some or all geographic markets where the BoomBit Group operates. The risk factor may have a negative impact on the business, financial standing, growth prospects, performance of the BoomBit Group or the market price of Shares.

#### Risk related to consolidation of competitors

The consolidation processes with the involvement of the BoomBit Group's competitors may strengthen their market position and thus weaken the position of the BoomBit Group in the domestic and international market. This may adversely affect the operations and financial results of the BoomBit Group.

#### Risk of becoming dependent on key distributors

The BoomBit Group identifies dependency on the entities managing the key distribution platforms, i.e. Google and Apple. The revenue of the BoomBit Group comes from games distributed by those entities through their digital distribution platforms or websites. Those entities are also among the largest game and app distributors worldwide. Any change in the policy of Google and Apple as regards acceptance of products for distribution will require the BoomBit Group to adapt its existing or future products, which may be tough to achieve in a short period or may generate additional high costs. There is also a risk that distribution will be limited if a business partner exercises the rights reserved for it in its contract with the BoomBit Group or arising from its internal regulations. There is also a risk that a business partner may terminate the contract.

From the perspective of the interest of the BoomBit Group, reliability of the IT systems of the distributors is also important as it ensures efficient sale of the BoomBit Group's products. Any failure of such systems may lead to the following adverse situations, which may arise either jointly or separately:

- limited access to the game for existing players;
- lack of possibility to process micropayments of the players using the game;
- inability of potential new players to download the game.

In the case of a failure resulting in particular in one of the above situations, as well as any downtimes, strikes or losses of hardware or software of service providers, the BoomBit Group could face a downtime in its operations, leading to stagnation in the sale of the BoomBit Group's products, which could adversely affect the performance of the BoomBit Group. There is also another issue that has an impact on the BoomBit Group's business. Namely, the said distributors have a right, in their relations with BoomBit Group companies, to verify the product they are accepting for compliance with their internal regulations, so the BoomBit Group faces a risk that a certain game of the BoomBit Group will not be accepted by a distributor due to the distributor's internal policy (e.g. internally adopted age limits of the recipients, restrictions on the topics allowed to be addressed in the games). A decision whether or not to admit a product to the platform also depends on whether the product meets a number of specific rules and requirements for its sale through the platform.

If App Store and Google Play fail to approve the games developed by the BoomBit Group or if the games receive bad ratings or the rating rules change unfavourably for the Group, this would limit game promotion possibilities and game availability, which would entail a substantial revenue drop, adversely affecting the financial results of the BoomBit Group.

The BoomBit Group also identifies dependency on the entities running the largest media agencies in the market. The revenue on the advertisements displayed inside the games released by the BoomBit Group is currently the most important item of the Group's revenue. Change in the policy of media agencies as regards advertisement display prices, change in the availability of advertisements, deterioration of the BoomBit Group's relations with the largest entities and their bankruptcy will require the BoomBit Group to adapt to the situation, which may be hard to achieve over a short period and may generate additional high costs.

The risk factor may have a negative impact on the business, financial standing, growth prospects, performance of the BoomBit Group or the market price of shares.

#### Risk of unforeseen trends

There is a risk that unforeseen trends may emerge in the market of mobile games and that the existing products of the BoomBit Group will be inconsistent with such trends. Likewise, a new BoomBit Group product created for the current preferences of consumers may be met with poor reception due to a sudden change of trends and, consequently, the return on investment in the form of production costs and marketing costs may not be as high as was originally estimated by the Board of Directors of BoomBit. Such situations may adversely affect the operations and financial results of the BoomBit Group.

#### Risk that a game will not be promoted by the distributors

The games being featured on the sales platforms and promoted by the key distributors of the BoomBit Group's games are factors substantially contributing to the sales of the BoomBit Group's products. At the same time, the BoomBit Group has no impact on the featuring by the distributors. So there is a risk that a game of the BoomBit Group will not be featured, which may result in lower than expected interest in the Group's product on the part of the consumers and, consequently, this may affect the sales of the product. The risk is typical of the electronic entertainment industry, where many game developers compete for access to the customer every day.



#### Risk related to suppliers of the technologies used to develop games

In its game development process, the BoomBit Group uses Unity 3D – by buying a periodic subscription with access to the technology from the developer of the engine. Unity 3D is an environment for software developers created by a third party Unity Technologies, which provides the basic solutions for those who create games for various platforms. The BoomBit Group as the customer (after buying the licence) may write its own game code, choosing from the solutions provided by Unity Technologies, while the solutions crucial for a particular game are created by the BoomBit Group's developers, not by Unity Technologies.

This entails two risk factors:

- the fees for use of the engine may increase so much that the Group will be unable to use it while retaining appropriate profitability and
- the supplier of the technology may be affected by certain events or circumstances which will result in the technology no longer being developed or being completely withdrawn from the market.

Materialisation of either risk factor would hinder the development of new games and the modernisation or revision of previously produced apps. The BoomBit Group uses also elements supplied by third parties in its business. The activity of the BoomBit Group in the development and, in certain cases, promotion of games depends on having a licence or consent granted by third parties. Termination of licence agreements for whatever reason may actually prevent the dissemination of the BoomBit Group's games and thus adversely affect its financial results. The risk arises e.g. with respect to Unity 3D. The risk factor may have a negative impact on the business, financial standing, growth prospects, performance of the BoomBit Group or the market price of Shares. It must be noted that Unity 3D is not the only engine which the Group may use in its business, which is why we cannot say the Group is dependent on the technology. Moreover, the engine is created by an entity with a high and stable market position, and the risk of that entity shutting down its business or deciding to no longer offer Unity 3D must be deemed insignificant.

#### Risk related to market deficit of qualified staff

In the Polish labour market, where the BoomBit Group seeks employees and contractors, there is visible deficit of highly qualified employees in the IT sector, accompanied by a high demand for such specialists. This may make it hard for the BoomBit Group to find employees with sufficient education and experience. Moreover, the majority of higher education schools in Poland fail to offer education useful for jobs connected with game designing. As a result, the labour market is narrow in this respect. There is a risk that the Group may have temporary problems finding people with the required software development qualifications and experience. So it cannot be ruled out that the Group will be forced to increase employment costs in the future, also to retain the key employees.

#### Risks related to the epidemic crisis

The Company recognises the threat connected with the potential global epidemic crisis which may cause an economic downturn, recession in stock markets and slow down the development of the Company's products. Many factors are beyond the Company's control which may slow down project implementation but the Group takes the steps to minimise the threat and to complete its works by deadlines.

Furthermore, the Company took the necessary actions to ensure proper safety of its employees and contractors in order to minimise the risk of infections, also COVID-19 coronavirus infections, during their performance of services for the Company and it has given any guidelines it was aware of to minimise the threat, if any, and the spreading of the virus.

The Company is of the opinion that the 2020 epidemic crisis had a positive impact on the game industry and thus on the Group's financial results in the current financial year. Limited access to traditional entertainment segments due to the restrictions introduced by the authorities of many countries increased the number of mobile game users and result in longer sessions, especially in the segment of free-to-play games.

By the publication date of this report, the Group did not identify any negative consequences of the COVID-19 pandemic for the Group's projects and financial results. No circumstances have been identify which would suggest any threat to the Group's continuation as a going concern.

### **13.2 Risk factors related to the operations of the BoomBit Group**

#### Risk related to loss of key team members and staff turnover

The competencies and know-how of the key employees, especially the executives and experienced developers and Publishing, User Acquisition and Business Intelligence specialists, are crucial for the activity of the BoomBit Group. If they leave, the BoomBit Group may lose its expertise and experience in the given area. Loss of the key members of a team working on a specific product may adversely affect the quality of the game and its completion deadline and, consequently, the product sales and the financial results of the BoomBit Group. Loss of senior management in the BoomBit Group may result in periodic deterioration of the BoomBit Group's financial results. The majority of the staff from BoomBit Group companies have operational jobs. They perform tasks that require expertise, skills and education. Considering the insufficient supply of employees with appropriate education profile, the BoomBit Group faces the risk that some operational employees may quit and thus weaken the organisational structure on which the activity of the BoomBit Group relies. Such situations may affect the stability of the BoomBit Group's activity and may require it to raise the salaries in order to retain the staff. This may increase the costs of the BoomBit Group's activity. The risk factor may have a negative impact on the business, financial standing, growth prospects, performance of the BoomBit Group or the market price of shares.

#### Risk related to delays in game development

Game development is a complex and multi-stage process, depending not only on the human factor and on the completion of subsequent game stages but also on technical factors. So there is a risk that delays at one development stage may result in delayed completion of the whole game. Failure to comply with the assumed development schedule may delay the game première, which in turn may adversely affect the sales of the product and prevent the BoomBit Group from achieving the anticipated financial results. The risk factor may have a negative impact on the business, financial standing, growth prospects, performance of the BoomBit Group or the market price of shares.

#### Risk of deterioration of the image of the BoomBit Group

The image of the BoomBit Group is influenced by opinions of consumers, and especially opinions posted online, in particular through specialised game review websites and on distribution platforms. Distribution takes place mainly

through digital channels so negative opinions may cause the customers and business partners of the BoomBit Group to lose trust and may affect the Group's reputation. The image of the BoomBit Group may also be affected by unpredicted errors in the game code which make it hard or impossible to use it. This could adversely affect the financial results of the BoomBit Group.

#### Risk related to litigations and administrative proceedings

There are no litigations or administrative proceedings pending against the BoomBit Group which would have a material impact on its business. However, the Group's activity in the industry of sale of products to consumers entails a potential risk connected with customer claims regarding the products. The BoomBit Group also signs business contracts with third parties whereunder both parties have mutual obligations. So there is a risk of disputes and claims arising out of business contracts. Such disputes or claims may adversely affect the reputation of the BoomBit Group and, consequently, its financial results.

#### Risk related to loss of financial liquidity

The BoomBit Group may face a situation where it is unable to settle its payment obligations when due. Furthermore, the Group faces a risk connected with the key clients' failure to perform their contractual obligations towards the BoomBit Group, e.g. failure of the online platforms that distribute the Group's products to make the payments when due. This may adversely affect the liquidity of the BoomBit Group and may require the Group to make impairment losses on receivables.

As at the date hereof, the Group does not identify any material risks connected with current financial liquidity.

#### Risk of fortuitous events

The BoomBit Group faces a risk of emergency events, such as breakdowns (e.g. of electricity grids, both internally and externally), disasters, including natural disasters, warfare and other. This may result in reduced performance of the BoomBit Group or in complete shutdown of business. This puts the BoomBit Group at a risk of lower revenue or additional costs as it may be obligated to pay contractual penalties for non-performance or improper performance of a contract with a client. Such circumstances may significantly adversely affect the BoomBit Group's business and financial standing.

#### Human factor risk

The development activity of the BoomBit Group is carried out with the involvement of contractors and employees hired under employment contracts or otherwise. The actions taken by such contractors and employees during work may lead to errors caused by improper performance of duty by such contractors and employees. Their actions may be either intentional or unintentional and they may delay the development of games. Materialisation of that risk may subsequently lead to deterioration of the BoomBit Group's financial results.

#### Risk of accidents at work

The activity of the BoomBit Group, carried out with the involvement of employees or contractors of the BoomBit Group, also entails a risk of accidents at work. Such accidents may delay the game design process and result in failure to meet

contractual deadlines. Another consequence of accidents at work may be claims for damages against the BoomBit Group. This may adversely affect the financial result and the reputation of the BoomBit Group.

#### Risk of downtime and failure of an IT system

In its activity, the BoomBit Group uses advanced IT systems based on modern technologies to create top-quality games. Additionally, the BoomBit Group uses infrastructure owned by third parties in its business. The above business model entails a risk of breakdowns not only on the part of the BoomBit Group but also on the part of the parties that have even technical roles in the provision of services by the BoomBit Group. In the case of breakdown or loss of elements of the IT infrastructure, and especially any hardware, software and parts of or the whole code for games in progress or existing games, the BoomBit Group could face downtime in its operations, with lack of access to the necessary data, which could adversely affect the process of creating the BoomBit Group's products and the Group's financial results. Frequent failures could reduce interest in the products offered by the BoomBit Group. Additionally, the activity involving data exchange through an ICT system may be a target of cyber attacks, which may hinder or prevent proper functioning of the BoomBit Group's products. Materialisation of the above risk could affect the financial results of the BoomBit Group, and especially the costs connected with the need to incur expenses to remove the consequences of the attack. Furthermore, there is a risk that confidential data related e.g. to a game that is currently under development may be stolen. The risk factor may have a negative impact on the business, financial standing, growth prospects, performance of the BoomBit Group or the market price of shares.

#### Risk related to breakdown of the equipment used in the activity of the BoomBit Group

The activity of the BoomBit Group relies in particular on properly functioning electronic equipment. There is a risk that in the event of an equipment breakdown that cannot be immediately fixed the BoomBit Group may be forced to temporarily suspend some or all of its operations until the breakdown is fixed. Equipment breakdown may also lead to loss of data forming an element of the work on a game or data of the players (e.g. progress in the game, the items purchased in the game). A business interruption or loss of data critical for a project may render the BoomBit Group unable to perform its obligations under contracts or may even cause it to lose contracts, which may adversely affect the Group's financial results. The risk factor may have a negative impact on the business, financial standing, growth prospects, performance of the BoomBit Group or the market price of shares.

#### Risk related to development of games similar to those of the competitors

The functionality of certain products of the BoomBit Group may be slightly similar to products of the Group's competitors. As a result, the competitors may claim infringement of industrial property rights, copyright or unfair competition and bring action. And vice versa – there is a risk that competitors may develop games similar to the products of the BoomBit Group. The risk that an idea of the BoomBit Group will be used by its competitors is related mainly to the activity of such competitors in global markets.

The domestic market is governed by the Polish Copyright and Related Rights Act of 4 February 1994. Under that Act, works may be protected under copyright, with work understood as any manifestation of individual creative activity, however recorded, notwithstanding its value, intended use or creation method. So the games made by the BoomBit Group fall within the definition of a work, which makes the BoomBit Group the holder of copyright in such games. So the Group has the remedies laid down in the Polish to protect its copyright and prevent copyright infringement.

However, there is a risk that no analogical protection is provided to game developers by the law of other countries where the BoomBit Group's products are offered. In particular, some systems may not treat game developers as holders of copyright. As a result, there is a risk that infringements of the BoomBit Group's copyright will continue for a long time and will affect the BoomBit Group's operating activity and financial results.

#### Risk related to transactions with affiliates

The BoomBit Group's Companies enter into transactions with affiliates. If tax authorities challenge the way the BoomBit Group determines arm's length terms of transactions with affiliates, there is a risk of tax consequences negative for the BoomBit Group, which may adversely affect the activity, financial standing and performance of the BoomBit Group.

#### Risk related to inadequate insurance cover

The BoomBit Group concludes insurance contracts in the course of its activity. However, it cannot be ruled out that certain insurance risks materialise in the activity of the BoomBit Group to an extent going beyond the insurance cover or that events not covered by insurance in any way arise. Such events may adversely affect the BoomBit Group performance.

#### Risk related to failure to execute the strategy of the BoomBit Group

Due to events beyond the control of the BoomBit Group, especially of legal, economic or social nature, the BoomBit Group may have trouble achieving objectives and executing its strategy. It cannot be ruled out that as a result of changes in the external environment, the BoomBit Group will have to adapt or revise its objectives and strategy to the conditions in the market.

A similar situation may take place if strategy execution costs exceed the planned figures, e.g. in connection with the need to hire extra staff, change the shape or scope of the planned production, economic changes substantially increasing the costs of business or any breakdowns and emergencies resulting in the need to purchase new equipment. The situations may adversely affect strategy execution by the BoomBit Group and result in gains lower than originally assumed. The risk factor may have a negative impact on the business, financial standing, growth prospects, performance of the BoomBit Group or the market price of shares.

#### Risk of new platform and technology launches

The electronic entertainment market is developing rapidly so it cannot be ruled out that new technologies and platforms for players (e.g. new mobile systems) will be launched and quickly become popular with players. There is a risk that the BoomBit Group will be unable to develop games for new platforms soon enough to replace the proceeds from the games distributed on the old platforms with proceeds from products launched on new platforms. Furthermore, if new platforms are launched, the BoomBit Group will be forced to incur additional costs in order to adapt its production to such platforms. The risk factor may have a negative impact on the business, financial standing, growth prospects, performance of the BoomBit Group or the market price of Shares.

#### Risk of foreign governing law in contracts

The BoomBit Group signs contracts with foreign entities in its business, which often means that a contract is governed by a foreign law. Consequently, there is a risk that if a dispute arises between the BoomBit Group and its business



partner, the law of the foreign country will be the governing law. The Group has also signed contracts where courts of a foreign country have jurisdiction over disputes. If such disputes arise, the BoomBit Group may be forced to manage litigation abroad, which may entail high costs.

#### Risk that a game will not be successful in the market

The market of mobile games is characterised by limited predictability as to the consumers' demand for electronic entertainment products. The interest of players in products of the BoomBit Group depends also on factors beyond the control of the BoomBit Group, such as current trends or tastes of consumers. What matters for potential success is also the level of quality of the products that are already in the market and directly compete with products of the BoomBit Group (especially games representing similar themes), which determines a risk that the BoomBit Group may create a product that will not be met with sufficient interest on the part of potential customers. The costs connected with the development and market launch of a new game include primarily the expenses incurred on game development and updates and marketing expenses. The profitability of a particular game and the related possibility of covering the expenses incurred during its development is directly linked to the market success of the game, the scale whereof is measured by the difference between the revenue and the production costs plus marketing expenses.

An assessment of this risk must account for the fact that the time required to work on new products depends on the game genre and the project complexity level and it may range from several weeks to over a year.

At the initial development stage, the BoomBit Group is able to precisely predict neither the reaction of consumers nor the level of revenue on sales at the moment of game launch. Consequently, there is a risk that a new game of the BoomBit Group will fail to succeed in the market due to factors which the BoomBit Group was unable to predict. This may adversely affect the financial result of the BoomBit Group. The risk is a part of the BoomBit Group's daily activity. The risk factor may have a negative impact on the business, financial standing, growth prospects, performance of the BoomBit Group or the market price of shares.

#### Risk related to illegal access to games, game add-ons and features

Some players decide to use the products offered by the Group in breach of intellectual property laws. There are third parties who develop – and may be developed in the future – illegal software to allow the recipients of the games distributed by the BoomBit Group progress in the game or obtain fee-based game features without making the micropayments which, as intended by the BoomBit Group, are otherwise required for such features to be available. Dissemination of such software may reduce the demand of consumers for the virtual game elements provided by the BoomBit Group for a fee in the free-to-play model. Furthermore, such entities may offer unauthorised acquisition of the same or similar elements to the players. The risk factor may have a negative impact on the business, financial standing, growth prospects, performance of the BoomBit Group or the market price of shares.

#### Risk of claims related to intellectual property rights

In its activity, the BoomBit Group uses both software created by its employees and contractors and third-party software; it also outsources programming services related to the creation or further development of software.

In view of the above, it is not possible to completely rule out a situation where copyright is infringed in the course of the activity of the BoomBit Group. The infringement may take place as a result of using whole programmes copyrighted

by third parties, or parts thereof, in the Group's services. This may happen either as a result of original unauthorised (also unconscious) use by the BoomBit Group of computer software or other copyrighted works or as a result of subsequent expiry of a right held by the BoomBit Group (e.g. as a result of licence expiry or termination). The above also applies to legally protected databases used in programming.

The legal grounds for using such software by the BoomBit Group are appropriate licence agreements or copyright transfer agreements. The BoomBit Group cannot guarantee in every case that software use rights have been acquired effectively or to the required extent or that no third parties will pursue claims regarding infringement of intellectual property rights against the BoomBit Group or that the protection of the rights to use such software will be effectively used by the BoomBit Group. Furthermore, it cannot be guaranteed that the BoomBit Group will be able in every case to renew the licence and thus continue to use the software after the expiry of the original licence term. Besides, considering the BoomBit Group's internal work on IT solutions carried out with the involvement of individuals hired by the BoomBit Group under civil law contracts, we cannot rule out situations where there is doubt whether the BoomBit Group has effectively, and to the required extent, acquired the copyright in the IT solutions created by such individuals. Consequently, the BoomBit Group may face the risk of third parties filing claims related to the software used by the BoomBit Group, which may adversely affect the business, performance, standing or development prospects of the BoomBit Group if the claims are found to be justified.

#### Risk related to infringement of intellectual property rights of the BoomBit Group

The BoomBit Group's intellectual property rights include but are not limited to: copyright, trademarks and rights in internet domains. There is a risk of unauthorised use of elements of the BoomBit Group's intellectual property, e.g. trademarks, or a risk that competitors will design their own services and products similar to or imitating the products of the BoomBit Group in a way that is confusing for the recipients. There is a risk that the activity of such entities will be perceived as activity of the BoomBit Group, which may adversely affect the reception of the activity of the BoomBit Group by the users.

#### Risk arising from family relations between members of BoomBit governing bodies

The Company's minority shareholders are Mrs Karolina Szablewska-Olejarz and Mr Marcin Olejarz, who are married; on the date of this report, they have, respectively, a 13.69% and 13.88% interest in the share capital and 14.61% and 14.74% in the total number of votes at the BoomBit General Meeting. Mr Marcin Olejarz is the CEO, while Mrs Karolina Szablewska-Olejarz is the Chairwoman of the Supervisory Board. The existence of family relations between Mr Marcin Olejarz and Mrs Karolina Szablewska-Olejarz combined with them serving on different governing bodies of the Company (having different roles at the Company) may lead to a conflict of interests. According to BoomBit's Articles of association, as Director shall inform the Board of Directors and a Supervisory Board member shall inform the Supervisory Board about any existing or potential conflict of interest related to their function and refrain from participating in the discussion and from voting on a resolution regarding the matters to which the conflict of interest applies.

#### Risk related to incomparability of performance in basic operations in particular years

The BoomBit Group business model is based mainly on proceeds from micropayments and from the advertisements displayed in the games released by the Group companies. In the course of the Group's current operations, there may

be one-off transactions for significant amounts that do not follow the basic business model. The identified risk factor may result in incomparability of performance in the BoomBit Group Group's basic operations BoomBit in particular years.

### **13.3 Risk factors related to the capital market**

#### Risk related to dividend payment in the future

Pursuant to Article 348(4) of the Polish Companies Code, the general meeting of a public company sets the record date and the dividend payment date. The maximum amount that can be allocated for distribution between the shareholders equals the profit for the last financial year plus non-distributed profit brought forward and the amounts transferred from any spare and reserve capitals created from profit less any non-covered losses, treasury shares and other amounts that should be allocated to the spare or reserve capital. According to Article 191(4) of the Polish Companies Code, where the costs of development work classified as assets of a Polish joint stock company are not completely written down yet, it is not possible to distribute the profit amounting to the non-written-down development costs, unless the reserve and spare capitals available for distribution and profit brought forward amount at least to the non-written-down costs.

According to the above-listed components of the amount which may be allocated for distribution, the profits of the BoomBit Group play the key part. Despite exercising due diligence and taking any possible actions, the BoomBit Group may fail to achieve a profit allowing it to pay a dividend at all or to pay a dividend in the amount expected by the Investors.

Furthermore, the resolution on dividend payment is adopted by an absolute majority of votes. With the current shareholding structure, it cannot be ruled out that the interests of minority shareholders will be different than the interests of the main shareholders. In view of the above, with appropriate distribution of votes, there is a possibility of passing a resolution on dividend payment which meets the expectations of the key shareholders.

#### Risk related to fluctuations in Share prices and to limited Share trading liquidity

BoomBit Share prices may undergo substantial fluctuations in connection with events and factors beyond the control of the BoomBit Group. Such events and factors include but are not limited to: changes in the financial results of BoomBit, changes in the profitability estimations prepared by analysts, changes in the prospects of various economy sectors, changes in the laws that influence the activity of the BoomBit Group and the general situation in the economy.

Stock markets experience considerable fluctuations in the prices and volume of trade every now and then, which may also adversely affect the market price of the Company's Shares. To optimise the rate of return, investors may be forced to make long-term investments because those instruments may not be appropriate as a short-term investment.

Admission of the Company's Shares to the stock market should not be interpreted as guaranteeing the trading liquidity. If an appropriate trading level is not reached or maintained, this may adversely affect the liquidity and the Share price. Even if an appropriate Share trading level is reached, the future market price of the Shares may still be lower than it is now. So there is not guarantee that a buyer of BoomBit's Shares will be able to sell them at any time and at a satisfactory price.

#### Risk related to recession in global stock markets

The Company operates in international markets – mainly in North America, Europe and Asia, which were all affected by the coronavirus epidemic. The COVID-19 pandemic continuing since 2020 has a major impact on share prices of companies in global stock markets. It cannot be ruled out that if the coronavirus case growth trend persists, this may lead to economic slowdown. The measures taken worldwide to prevent the spreading of the virus (mainly isolation-based measures) reduce the demand for products and services other than basic necessities, which contributes to a drop in the global GDP growth rate. The Company is not currently anticipating any substantially negative impact on its business but a recession that may hit global markets in the coming year may reverse that trend.

#### Risk related to failure to comply with the information requirements imposed on public companies

Public companies listed in the regulated market of the stock exchange Giełda Papierów Wartościowych w Warszawie S.A. are obligated to comply with information requirements, which include but are not limited to reporting current and periodic data to the Polish Financial Supervision Authority (KNF), to the company managing the regulated market and to the public in accordance with the Polish Act on Public Offering and the secondary legislation thereto. If a public company fails to comply with the above requirements or complies with them improperly, the KNF may decide to exclude the securities from trading in the regulated market or fine the company (up to PLN 1,000,000.00, depending on the financial standing of the company), or apply both sanctions jointly (Article 96(1) of the Polish Act on Public Offering). Furthermore, pursuant to Article 98(7) of the Polish Act on Public Offering, BoomBit S.A. and the entity that participated in the preparation of the information referred to in Article 56(1) of the Polish Act on Public Offering are also obligated to redress any damage made through publication of false information or concealment of information, unless neither BoomBit S.A. nor the individuals it is responsible for are at fault.

Furthermore, if an issuer fails to comply with or improperly complies with the requirements referred to in Article 17(1) and Article 17(4) through 17(8) of the Market Abuse Regulation, the KNF may decide to exclude the securities from trading in the regulated market, and if the issuer's securities are in an alternative trading system, it may decide to exclude the securities from trading in that system or it may impose a fine up to PLN 10,364,000.00 or up to 2% of the total annual revenue disclosed in the most recent audited financial statements for a financial year if it exceeds PLN 10,364,000.00 or it may impose both sanctions jointly. Where the amount of the benefit derived or loss averted by an of the issuer as a result of a breach of those requirements can be established, the Commission may, in lieu of the fine referred to in the aforesaid clause, impose a fine equal to three times the amount of the gain achieved or loss averted.

## **14 Declaration on corporate governance**

#### Corporate governance rules of the Company

As an issuer of securities admitted to trading in the stock exchange Giełda Papierów Wartościowych w Warszawie S.A., the Company was obligated to apply the corporate governance rules in the form of "Good Practice GPW-Listed Companies 2016." The Good Practice that has applied to the Company since the Shares were admitted to trading in the main stock market is available on <http://corp-gov.gpw.pl>.

### Compliance with corporate governance

In the last full financial year the Company applied all the corporate governance rules in accordance with the Good Practice except for the following:

- rule I.Z.1.15 – *The company has a corporate website where it posts, in a legible form and in a separate place, in addition to the information required by the applicable laws, the following: description of the diversity policy pursued by the company with regard to its governing bodies and key executives; the description should include such elements of the diversity policy as gender, education major, age, job experience, and it should identify the objectives of the diversity policy and the way of applying it in the reporting period; if the company has not developed and is not applying a diversity policy, the company posts an explanation of its decision on its website* – The Company has not developed and it does not apply a diversity policy with regard to its governing bodies and key executives. Considering the specificities of the Company's business and the need to find collaborators with specialist knowledge, the decisive criteria adopted by the Company in choosing its collaborators are their professional qualifications and experience and not any non-merit-based criteria, such as age or gender. Nonetheless, the Company applies the rules of equal treatment and non-discrimination in its HR policy;
- rule I.Z.1.16 – *The company has a corporate website where it posts, in a legible form and in a separate place, in addition to the information required by the applicable laws, the following: information about the planned broadcast of the general meeting – not later than 7 days before the date of the general meeting* – The Company is not planning any audio or video broadcasts of its General Meetings because it does not have sufficient technical infrastructure for such broadcasts; furthermore, such records disclose the image of the General Meeting participants and those participants are not public figures. Given that, publication of the image of such individuals could result in BoomBit being accused of unauthorised image use. Consequently, the Company will not post any information in this respect on its website. However, BoomBit S.A. is not ruling out that the rule may be applied in the future as the Company develops and gains the required technical possibilities;
- rule I.Z.1.20. – *The company has a corporate website where it posts, in a legible form and in a separate place, in addition to the information required by the applicable laws, the following: audio or video records of the general meeting* – in principle, the Company will not post any records from the General Meeting on its website due to the high cost and lack of sufficient technical infrastructure for such broadcasts. Furthermore, such records disclose the image of the General Meeting participants and those participants are not public figures. Given that, publication of the image of such individuals could result in BoomBit being accused of unauthorised image use. However, the Company will post an audio record of its General Meeting starting from the first General Meeting to be held after the Admitted Shares are admitted to trading in the stock exchange.
- recommendation III.R.1. – *The company identifies in its structure separate units in charge of performing tasks in particular systems or functions, unless such identification of separate organisational units is not advised due to the size or nature of the business run by the company* – The Company is not planning to identify any separate internal audit function or to appoint separate risk management and compliance jobs. The Company believes that the type and scale of its business do not require identifying separate functions at of this type the Company. Furthermore, considering the specificities of the Company's business, the creation of

other administrative jobs in the Company's structure is not reasonable from a business perspective. The duties in this respect will be divided between the existing HR staff;

- rule III.Z.3 – *The person managing the internal audit function and other people responsible for the performance of such tasks are subject to the independence rules laid down in the generally recognised international standards of professional practice in internal audit* – The Company has an Audit Committee. Aside from the Audit Committee, the Company is not planning to identify a separate internal audit function in its structure. The duties in this respect will be divided between the existing HR staff;
- rule III.Z.4 – *At least once a year the person responsible for internal audit (if there is a separate function of this type at the company) and the board of directors present their own assessment of effectiveness of the systems and functions referred to in rule III.Z.1 along with an appropriate report to the Supervisory Board* – Aside from the Audit Committee, the Company is not planning to identify a separate internal audit function in its structure. The duties in this respect will be divided between the existing HR staff;
- recommendation IV.R.2 – *Where justified considering the shareholding structure or the expectations of the shareholders reported to the company, provided that the company is able to provide the technical infrastructure necessary to properly hold a general meeting using means of electronic communication, the company should allow the shareholders to participate in the general meeting using such means, especially through: 1) real-time broadcasting of the General Meeting, 2) two-way real-time communication where shareholders may speak at the general meeting from a location other than the location of the general meeting, 3) exercise, in person or through a proxy, the voting right at the general meeting* – Due to absence of the technical infrastructure and the potential high costs, BoomBit S.A. does not provide the technical infrastructure required to successfully hold a General Meeting using means of electronic communication. However, this does not preclude the shareholder's participation in the General Meeting through a proxy. If the shareholders report their expectations regarding the provision of the technical infrastructure required to efficiently hold a General Meeting using means of electronic communication, there is a possibility that this rule may start to be applied. Furthermore, in the opinion of BoomBit, deviations from this rule do not cause any threat to the shareholders in connection with the future publication by BoomBit of all the required reports and their posting on BoomBit's website and as such does not prevent the investors from becoming familiar with the matters to be addressed at the General Meeting.
- rule IV.Z.2 – *Where justified by the company's shareholding structure, the company provides a generally available real-time broadcast of its general meeting* – The Company is not planning any audio or video broadcasts of its General Meetings because it does not have sufficient technical infrastructure for such broadcasts; furthermore, such records disclose the image of the General Meeting participants and those participants are not public figures. Given that, publication of the image of such individuals could result in BoomBit being accused of unauthorised image use. Furthermore, in the opinion of BoomBit, deviations from this rule do not cause any threat to the shareholders in connection with the future publication by BoomBit of all the required reports and their posting on BoomBit's website and as such does not prevent the investors from becoming familiar with the matters to be addressed at the General Meeting. However, BoomBit S.A. does not rule out that the rule will be applied in the future as the Company develops and in the event of any changes to the shareholding structure that would justify broadcasting the general meeting real-time;
- rule IV.Z.3 – *Media representatives are allowed to be present at general meetings* – The Company allows the presence of the media at the general meeting with prior authorisation;



- rule VI.Z.4 – *In the management report, the company presents a report on the remuneration policy containing at least: 1) general information on the remuneration system in place at the company, 2) information on the remuneration terms and salary amounts of every member of the board of directors broken down into fixed and variable salary components, with specification of the key parameters for determination of variable remuneration components and the rules of paying gratuities and making other payments for termination of employment, a civil law contract or another legal relationship of a similar nature – separately for the company and every entity from the group of companies, 3) information about the non-financial salary components payable to particular directors and the key executives, 4) identification of major changes which took place in the remuneration policy over the past year, or information on the absence thereof 5) assessment of the functioning of the remuneration policy from the point of view of its objectives, in particular long-term value growth for the shareholders and the stability of the functioning of the business – based on Article 90d of the Polish Act on Public Offering, on Introduction of Financial Instruments to Organised Trading and on Public Companies (Journal of Laws of 29 July 2005, item 1539, as amended). The Company's General Meeting adopted a Remuneration Policy for the Board of Directors and the Supervisory Board on 27 August 2020. The data are not published in the management report because they will be presented in the report on the Company's remuneration policy.*

#### Description of the main characteristics of the internal control and risk management systems applied at BoomBit S.A. in relation to the process of preparing financial statements and consolidated financial statements

The process of preparing standalone and consolidated financial statements is handled by the internal financial and accounting department. The following accounting and financial reporting activities are carried out within the internal auditing system:

- monthly/annual schedules of the activities carried out to close the books/prepare financial statements;
- accounting records are prepared exclusively based on properly prepared and approved – in terms of formal issues, facts and accounting matters – source documents, as well as additional information provided by the departments existing at the company;
- there are periodic inspections connected with closing the books, which include review and settlement of balance sheet accounts, balance reconciliation, verification of costs and revenue in consultation with project managers/the Board of Directors;
- before being approved by the Board of Directors, the financial statements are verified by the financial unit, which checks the correctness of the key disclosures and provides an analytical review to verify the completeness of disclosures of material economic events and accuracy of the presentations.

The Company's books are kept in an IT system that ensures a transparent division of competencies, consistent recording of operations in the books and regular reviews of the books. The IT system offers password protection against access by unauthorised persons and functional limitations of access. Software access control takes place at every stage of preparing the financial statements – from entry of source data through data processing to generation of output information. The description of the IT system meets the requirements of Article 10(1)(3)(c) of the Polish Accounting Act. The company has appointed a person in charge of technical supervision over the correct functioning of the system and the creation of backups.

Annual and half-yearly financial statements are verified by an independent external auditor. The Audit Committee and the Supervisory Board monitors the processes of financial reporting and financial audit, also by analysing the Company's periodic reports before their publication and through periodic meetings with the auditor.

Shareholders who directly or indirectly hold substantial interest and the number of shares held by such parties, their percentage share in the share capital, the number of votes attached to the shares and their percentage share in the overall number of votes at the general meeting.

Information about the shareholders is presented in section 2.3 hereof.

Holders of all securities with special control rights and description of such rights.

Class A Shares, which are held by:

- 1) ATM Grupa S.A. – 2,000,000 Shares;
- 2) We Are One Ltd. – 2,000,000 Shares;
- 3) Mrs Karolina Szablewska-Olejczak – 1,000,000 Shares;
- 4) Mr Marcin Olejczak – 1,000,000 Shares;

are preference shares in terms of voting rights where one class A share gives a right to two votes at the Company's General Meeting.

The Major Shareholders specified above also have the personal rights granted to them in § 13(3) of the Company's Articles of Association. Pursuant to the Articles of Association:

- as long as Karolina Szablewska-Olejczak and Marcin Olejczak are shareholders of the Company who hold the Company's shares representing a total of least 15% of votes at the General Meeting, the shareholder Karolina Szablewska Olejczak and the shareholder Marcin Olejczak shall together have a personal right to jointly appoint and dismiss 1 (one) Supervisory Board member;
- as long as the company ATM Grupa Spółka Akcyjna is a shareholder holding the Company's shares representing a total of least 15% of votes at the General Meeting, the shareholder ATM Grupa Spółka Akcyjna shall have a personal right to jointly appoint and dismiss 1 (one) Supervisory Board member;
- as long as We Are One Ltd is a shareholder holding the Company's shares representing a total of least 15% (fifteen percent) of votes at the General Meeting, We Are One Ltd shall have a personal right to jointly appoint and dismiss 1 (one) Supervisory Board member.

Restrictions on exercise of the voting rights, such as the voting right being reserved for holders of a certain portion or number of votes, time restrictions on exercise of the voting right, or provisions whereunder, with cooperation on the part of the Company, the equity rights attached to securities are separated from the holding of securities

The Company did not introduce any special restrictions on exercise of the voting rights under the shares.

Restrictions on transfer of ownership of BoomBit S.A.'s securities

There are no restrictions on transfer of ownership of the securities issued by the Company.

Description of the rules for appointing and dismissing managing staff and their rights, in particular the right to decide on an issue or buyback of shares

The Board of Directors consists of 1 to 5 members. The joint term of the Directors is 5 years. The Directors are appointed and dismissed by an absolute majority of votes by the Supervisory Board. The mandates of the Directors expire not later than on the date of the General Meetings approving the financial statements for the last full financial year of that member serving on the Board of Directors. The Directors may be re-appointed for the next terms of office.

The Board of Directors manages the Company's affairs and asset and represents the Company outside – before courts, government agencies and third parties. Any affairs connected with management of the Company other than reserved in the Polish Companies Code or in the Articles of Association exclusively for the General Meeting or the Supervisory Board fall within the scope of activity of the Board of Directors.

Decisions to issue or buy out Company shares are reserved exclusively for the General Meeting.

A detailed scope of authority of the Board of Directors is defined in the Bylaws of the Board of Directors available on [www.boombit.com/pl/ir/dokumenty-korporacyjne](http://www.boombit.com/pl/ir/dokumenty-korporacyjne).

Rules of amending the Company's Articles of Association

Any amendment to the Articles of Association requires a resolution of the General Meeting and entry to the register. Such a resolution must be adopted by a majority of three fourth of the votes cast to be effective.

Functioning of the General Meeting, its principal rights, and description of shareholders' rights and how these rights are exercised, in particular the rules arising from the Bylaws of the General Meeting, if such Bylaws have been adopted, unless the information in this respect are defined directly in the applicable laws

The rules of convening a General Meeting are defined in the Articles of Association and in the Polish Companies Code. A General Meeting can be attended only by those who are the Company's shareholders sixteen days before the General Meeting date (General Meeting attendance registration date). The list of the individuals authorised to attend a General Meeting are prepared by the Board of Directors based on the list made by the entity managing the depository of securities and the status disclosed in the Company's share ledger on the General Meeting attendance registration date. The General Meeting is opened by the Chairperson of the Supervisory Board, and in their absence by one of the Supervisory Board members, and in their absence by the CEO or a person designated by the Board of Directors. The person opening the General Meeting is authorised to make organisation-related decisions to open the General Meeting and elect the Chairman of the General Meeting. The Chairman of the General Meeting manages the meeting to efficiently address the items on the agenda.

According to the Bylaws of the BoomBit S.A. General Meeting, the shareholders have in particular the following rights:

- Shareholders have the right to participate in the Extraordinary General Meeting and exercise the voting rights through proxies (other representatives).
- Every shareholder has a right to run for the Chairman of the General Meeting or name one candidate for the Chairman of the General Meeting, which is put on record.
- Every shareholder has a right to ask questions regarding any matter included on the agenda.

- A shareholder may object, the objection to be put on record, against a resolution until the item on the agenda which involves voting on the resolution is closed.
- Every shareholder shall have the right to propose any modifications or supplements to the draft resolutions covered by the agenda of the General Meeting or propose new draft versions of such resolutions until the discussion about the item on the agenda which involves voting on the resolution is closed.

Composition of the managing, supervisory or administrative authorities of BoomBit S.A. and of their committees, any changes that took place in such composition during the last financial year and description of their functioning

The composition of the Company's Board of Directors along with the changes that took place in 2020.

On 31 December 2020 and on the date of this report, the Board of Directors consisted of:

- Marcin Olejarz – CEO,
- Anibal Jose Da Cunha Saraiva Soares – Vice-President,
- Marek Pertkiewicz – Director.

The composition of the Board of Directors did not change during the reporting period and by the date of this report.

The composition of the Supervisory Board along with the changes that took place in 2020.

In the period covered by this report, the Supervisory Board consisted of:

- Karolina Szablewska-Olejarz – Chairwoman of the Supervisory Board,
- Grażyna Gołębiowska – Deputy Chairwoman of the Supervisory Board – until 30 June 2020
- Wojciech Napiórkowski – Supervisory Board Member,
- Szymon Okoń – Supervisory Board Member,
- Jacek Markowski – Supervisory Board Member,
- Marcin Chmielewski – Supervisory Board Member (from 01 July 2020)

Ms. Grażyna Gołębiowska resigned as the Deputy Chairwoman of the Supervisory Board on 30 June 2020. On the same day, the Company's shareholder ATM Grupa S.A., acting in line with § 13(3)(2) of the Company's Articles of Association, appointed Mr. Marcin Chmielewski a Supervisory Board Member with effect from 01 July 2020.

On 31 December 2020 and on the date of this report, the Supervisory Board consisted of:

- Karolina Szablewska-Olejarz – Chairwoman of the Supervisory Board,
- Marcin Chmielewski – Supervisory Board Member,
- Wojciech Napiórkowski – Supervisory Board Member,
- Szymon Okoń – Supervisory Board Member,
- Jacek Markowski – Supervisory Board Member.

The following Supervisory Board Members meet the independence criteria: Mr Wojciech Napiórkowski and Mr Szymon Okoń.

Composition of the Supervisory Board's Committees as at 31 December 2020:

The Audit Committee consists of three members:

- Wojciech Napiórkowski – Chairman of the Audit Committee;
- Szymon Okoń – Audit Committee Member;
- Karolina Szablewska-Olejarz – Audit Committee Member.

The works of the Committee are led by Mr Wojciech Napiórkowski, an independent Supervisory Board Member who has the required experience and qualifications in accounting and audit of financial statements.

The Company does not have a remuneration committee in its structure.

#### Functioning of the Board of Directors

The Board of Directors functions based on the applicable laws and the Articles of Association. Detailed rules of organisation and functioning of the Board of Directors may be defined in the Bylaws of the Board of Directors. The Bylaws of the Board of Directors are adopted by the Board of Directors and approved by a resolution of the Supervisory Board. The Board of Directors is obligated to manage the affairs and the property of the Company and perform its duty with the due care as required in business, in accordance with resolutions of the General Meeting and the Supervisory Board.

Resolutions of the Board of Directors are adopted by an absolute majority of votes. In the event of split vote, the CEO shall have the casting vote. Resolutions of the Board of Directors can be adopted provided that all members were properly notified of the date and time of the meeting of the Board of Directors and at least a half of the Directors are present at the meeting.

According to the Board of Directors, meetings of the Board of Directors are held in the place specified by the Board of Directors or through means of direct distance communication. Each Director has a right to convene a meeting. Each Director must be notified in writing at least 7 (seven) days before the date of a meeting. In emergency cases, the CEO may choose another method and time limit for notifying the Directors about the date of the meeting or choose to hold the meeting outside the Company's registered office.

Declarations can be made and signatures and be put on behalf of the Company by the CEO if the Board of Directors has one member or by two Directors acting jointly if it has more than one members. Appointing a commercial proxy requires a unanimous resolution of all Directors. A commercial power of attorney may be revoked at any time through a written representation addressed to the commercial proxy and signed by any Director.

The Board of Directors may appoint attorneys-in-fact to act for the Company in a specific capacity, within the limits of the power of attorney.

In the contracts between the Company and the Directors, the Company is represented by the Supervisory Board. The Supervisory Board may authorise, by way of a resolution, one or more members to engage in such legal transactions.

A Director shall inform the Board of Directors about any existing or potential conflict of interest related to their function and refrain from participating in the discussion and from voting on a resolution regarding the matters to which the conflict of interest applies.

The remuneration rules for the Board of Directors are defined in the Remuneration Policy for the Board of Directors and the Supervisory Board of BoomBit S.A. adopted by the Company's General Meeting on 27 August 2020 (document available on [www.boombit.com/pl/ir/dokumenty-korporacyjne](http://www.boombit.com/pl/ir/dokumenty-korporacyjne)).

#### Functioning of the Supervisory Board

The Supervisory Board may adopt its own bylaws to define the detailed rules of its organisation and functioning.

Supervisory Board meetings are convened by the Chairperson. Supervisory Board meetings are convened as needed but at least three times a financial year.

The Supervisory Board makes decisions in the form of resolutions if at least half of the members are present at the meeting and all the members have been invited. Resolutions of the Supervisory Board are adopted by an absolute majority of votes in the presence of at least a half of its members, unless the applicable laws or the Articles of Association provide for stricter terms. In the case of split vote, the Chairperson of the Supervisory Board shall have the casting vote.

The Chairperson of the Supervisory Board convenes a meeting at their own initiative or within two weeks of receiving a request from the Board of Directors or a Supervisory Board member. The request referred to in the preceding sentence should be submitted in writing and state the proposed agenda.

The meeting is chaired by the Chairperson of the Supervisory Board, and in their absence by another Supervisory Board member. The agenda shall be determined by the person authorised to convene the Supervisory Board meeting. If a Supervisory Board is convened at the request of the Board of Directors or a Supervisory Board member, the agenda should include the matters specified by the requesting person. In matters not included on the agenda, the Supervisory Board may not adopt a resolution unless all of its members are present and agree to adopt the resolution.

The Supervisory Board may also adopt a resolution without being formally convened if all of its members are present and agree for the meeting to be held and for particular items to be included on the agenda.

In all matters falling within the rights and responsibilities of the Supervisory Board other than election of the Chairperson, appointment of the Directors and dismissal and suspension of the same, a resolution adopted outside of a meeting in writing or using means of direct distance communication is just as valid as a resolution adopted at a duly convened and held meeting of the Supervisory Board provided that all the Supervisory Board members have been notified about the content of the draft resolution. The wording of resolutions adopted at such a meeting should be signed by every participating Supervisory Board Member.

A Supervisory Board member shall inform the remaining Supervisory Board members about an existing or potential conflict of interest and refrain from participating in the discussion and from voting on the resolution on the matters to which the conflict of interest applies.

Supervisory Board members may participate in adoption of the resolutions of the Board by casting a written vote via another Supervisory Board member or using means of direct distance communication. Casting written votes via another Supervisory Board member cannot be applied to: issues introduced to the agenda during the Supervisory Board meeting; appointment of the Chairperson and the Vice-Chairperson of the Supervisory Board; appointment of the Board of Directors; and dismissal and suspension of the same.



The Company's General Meeting adopted a Remuneration Policy for the Board of Directors and the Supervisory Board on 27 August 2020.

Description of the functioning of the Audit Committee

The Audit Committee was appointed by a resolution of the Supervisory Board of 07 August 2019. The Audit Committee meets at least three (3) times in every financial year. According to the Bylaws of the Audit Committee, in its monitoring of the financial reporting process the Audit Committee shall:

- analyse the information presented by the Board of Directors regarding any material changes in accounting or in financial reporting and regarding any estimated data or assessments which may be relevant for the Company's financial reporting;
- analyse the applied accounting methods adopted by the Company and its Group,
- review the management accounting system;
- analyse, together with the Board of Directors and external auditors, the financial statements and the audit results for such statements;
- present recommendations regarding approval of the financial statements audited by the auditor, the periodic reports and the communications about the Company's performance to the Supervisory Board in order to ensure their compliance with the applicable accounting standards.

In the monitoring of the effectiveness of internal control and internal audit systems, the Audit Committee shall:

- recommend the approval of the internal audit plan for the next year to the Supervisory Board and analyse any deviations from the agreed internal audit plan;
- verify the adequacy and effectiveness of internal control systems, which includes analysing the annual assessment of adequacy and effectiveness of the controls, in order to ensure compliance with internal laws and regulations and to reduce threats to the Company's activity;
- monitor the efficiency of internal audit and the availability of appropriate information sources and expert opinions in order to ensure appropriate responses to the guidelines and recommendations of external auditors;
- review the performance results of the internal control systems and internal audit.

In the monitoring of the effectiveness of compliance risk management, the Audit Committee shall:

- assess the main threats to the Company's business and the measures applied to limit the risk;
- assess and present recommendations as to the method and quality of compliance risk management.

With respect to the Audit Committee of the BoomBit S.A. Supervisory Board:

- the following people have declared to meet the statutory independence criteria: Mr Wojciech Napiórkowski and Mr Szymon Okoń;
- the following people declared to have the knowledge and skills in the areas of accounting or audit of financial statements and properly stated how they gained the knowledge and skills described below: Mr Wojciech Napiórkowski.

Mr Wojciech Napiórkowski graduated from a Master of Business Administration course in cooperation with the London Business School, where he learned the rules of financial accounting, management account and financial reporting. He holds the professional title of Certified Financial Analyst Level 3. As a participant of the CFA programme, he gained professional knowledge of investment analysis, fund management and international accounting standards (IFRS);

- the following people declared to have the knowledge and skills in the areas of the industry where BoomBit operates and properly stated how they gained the knowledge and skills described below: Mrs Karolina Szablewska-Olejarz and Mr Wojciech Napiórkowski.

Mrs Karolina Szablewska-Olejarz gained insight in the industry where BoomBit operates through her long experience in running a business connected with the development of mobile and computer games.

Mr Wojciech Napiórkowski gained insight in the industry where BoomBit operates by analysing, in the past, numerous investments of companies developing mobile and computer games.

No permitted services other than audits were provided to BoomBit S.A. by the auditing firm auditing the financial statements of BoomBit S.A.

The main assumptions of the policy on appointing the auditing firm and the policy on the provision of permitted services other than audits by the auditing firm conducting the audit or by the affiliates of the auditing firm or by any member of the auditing firm's network:

- the regulations in place at the Company require choosing an auditing firm based on the recommendation of the Audit Committee in accordance with the applicable laws;
- the recommendation on appointment of the auditing firm to conduct the audit was in conformity with the applicable laws and the auditing firm appointment policies and procedures in place at BoomBit S.A.

Three meetings of the Audit Committee were held in 2020. In 2021, the Audit Committee has met once until the date of this report.





## **15 Major pending litigations**

On 14 December 2020, the Company filed for an order to pay overdue amounts of EUR 214,000 (plus interest) against the Finnish contractor to the District Court in Pirkanmaa ("Court"). On 08 February 2021, the Court entered a default judgment for the Company and obligated the business partner to pay the debt. The judgment is not final the non-finality does not preclude debt collection actions against the business partner, which were commenced in April 2021.

Aside from the above case, none of the BoomBit Group companies is a party to any major cases pending in any court of law, arbitration court or public administration body regarding any amounts owed by or to BoomBit S.A. or its subsidiary.





## **16 Information about the basic products**

In 2020 and by the date of this report, the Group released a total of 27 games on iOS and Android – 25 of which are hyper-casual games and 2 are GaaS games – and 17 games in the Premium model on Nintendo Switch. The most important games are presented in the table below.

Name of the game	Description	Images
<p><b>Stunt Truck Jumping</b> (released on 03 January 2020)</p> 	<p><b>Hyper-casual</b></p> <p>A stunt challenge for those who love huge vehicles. The task of the player is to make the longest possible jump with a truck driving down a ramp.</p> <p>The spectacular destructions caused by the truck in the process are an extra attraction.</p> <p><b>Main source of revenue: advertisements</b></p>	
<p><b>Will It Shred?</b> (released on 27 February 2020)</p> 	<p><b>Hyper-casual</b></p> <p>A game that allows the user to realistically destroy a wide range various objects and observe the effects of the destruction. With its realistic picture and sound and careful physics of the objects, the game provides a unique escapist experience.</p> <p><b>Main source of revenue: advertisements</b></p>	

<p><b>Ragdoll Car Crash</b> (released on 07 March 2020)</p> 	<p><b>Hyper-casual</b></p> <p>The player takes part in crazy sports competitions aimed at throwing a dummy out of a speeding car as far as possible!</p> <p>Any such jump is a show of destructions and unexpected events arising from the physics engine implemented in the game to imitate the behaviour of objects in the real world.</p> <p><b>Main source of revenue: advertisements</b></p>	
<p><b>Tug of War</b> (released on 27 March 2020)</p> 	<p><b>Hyper-casual</b></p> <p>The player takes part in a tug of war competition between huge trucks. Whoever starts with a better car and masters accelerating to the point of pulling the opponent over is the winner. The truck that lost falls apart in an incredibly spectacular way.</p> <p><b>Main source of revenue: advertisements</b></p>	








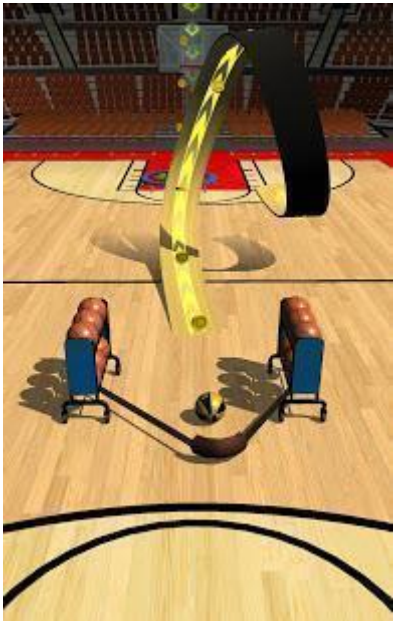
<p><b>You crush!</b> (released on 01 April 2020)</p> 	<p><b>Hyper-casual</b></p> <p>A variation of "Will it Shred?". This time the player may destroy objects using a huge hydraulic press. The game uniquely combines realistic physics of the objects that are being destroyed with detailed graphic design, satisfying sound and slight phone vibrations to give the player a maximum feeling of satisfaction in the destruction process.</p> <p><b>Main source of revenue: advertisements</b></p>	
<p><b>Car Crusher</b> (released on 15 May 2020)</p> 	<p><b>Hyper-casual</b></p> <p>Working in the scrapyards can be exciting! The player becomes an operator of a huge car crusher. The realistic physics engine thoroughly reflects the physics of denting metal and breaking glass to offer an unparalleled sense of satisfaction from bringing destruction.</p> <p><b>Main source of revenue: advertisements</b></p>	

<p><b>Cooking Festival</b> (released on 04 June 2020)</p> 	<p><b>Arcade</b></p> <p>The player becomes a chef and opens new restaurants in exciting locations (such as San Francisco) to serve delicious meals to customers. The monetisation of the game will involve unlocking new recipes and new locations.</p> <p><b>Main source of revenue: micropayments</b></p>	
<p><b>Car Mechanic</b> (released on 26 June 2020)</p> 	<p><b>Hyper-casual</b></p> <p>A game where the player has an opportunity to become a car mechanic. It is addressed to DIY lovers who like the idea of restoring old cars to sell them for the best possible price.</p> <p><b>Main source of revenue: advertisements</b></p>	



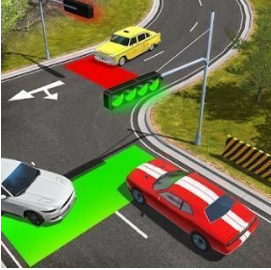



<p><b>Bike Jumping</b> (released on 26 July 2020)</p> 	<p><b>Hyper-casual</b></p> <p>It is the third game in the popular Jumping series (Ramp Car Jumping and Stunt Truck Jumping). This time, the player becomes a motorcycle stuntman with a jet pack.</p> <p><b>Main source of revenue: advertisements</b></p>	
<p><b>Slingshot Stunt Driver</b> (released on 17 August 2020)</p> 	<p><b>Hyper-casual</b></p> <p>A game where a player launches a car from a slingshot to make it follow a specific route. The title combines an arcade game with a logic game.</p> <p><b>Main source of revenue: advertisements</b></p>	





<p><b>Mega Ramp Car Jumping</b> (released on 04 September 2020)</p> 	<p><b>Hyper-casual</b></p> <p>Another "Ramp Jump" game that brings the concept of jumping to a whole new level. This time the player must gain speed to jump the car above the clouds and finish an obstacle course.</p> <p><b>Main source of revenue: advertisements</b></p>	
<p><b>Guns Master</b> (released on 09 September 2020)</p> 	<p><b>Hyper-casual</b></p> <p>A game for shooting range lovers. In the game, the player can try various firearms, from repeating firearms through machine guns to huge sniper guns and rifles, and take the challenge of shooting at various targets.</p> <p><b>Main source of revenue: advertisements</b></p>	

<p><b>Swipe Fight</b> (released on 11 September 2020)</p> 	<p><b>Hyper-casual</b></p> <p>Swipe fight is a hyper-casual approach to martial arts games. The player controls the hero through specific swipes on the screen to give punches and dodge strikes in a powerful combination of moves. Swipe Fight combines the depth of old games about martial arts with modern controls accessible to anyone.</p> <p><b>Main source of revenue: advertisements</b></p>	
<p><b>Slingshot Basketball</b> (released on 14 October 2020)</p> 	<p><b>Hyper-casual</b></p> <p>Basketball reinvented. The player shoots a basketball from a slingshot to make spectacular tricks ended with scoring. The obstacles include ramps, flaming hoops and distant throws from the other side of the court.</p> <p><b>Main source of revenue: advertisements</b></p>	




<p><b>Car Summer Games</b> (released on 24 October 2020)</p> 	<p><b>Hyper-casual</b></p> <p>A fun approach to Olympic sports where cars are the athletes. The player has to break record in such disciplines as hammer throw, high jump or hurdles. The game is built on a series of mini games with various controls which have one thing in common – they are easy to understand but hard to master.</p> <p><b>Main source of revenue: advertisements</b></p>	
<p><b>Crazy Traffic Control</b> (released on 05 November 2020)</p> 	<p><b>Hyper-casual</b></p> <p>What would happen if a player could control the traffic lights at intersections with their smartphone? Crazy Traffic Control answers that question! The role of the player is to operate traffic lights to avoid accidents.</p> <p><b>Main source of revenue: advertisements</b></p>	





<p><b>Gang Racers</b> (released on 26 November 2020)</p> 	<p><b>Hyper-casual</b></p> <p>Exciting pursuits as if from action films! Armed in a range of weapons, the player must face various enemies during high-speed pursuits. It is all about reflex, good eye and quick finger on the trigger!</p> <p><b>Main source of revenue: advertisements</b></p>	
<p><b>Jump The Car</b> (released on 21 December 2020)</p> 	<p><b>Hyper-casual</b></p> <p>Car stunts completely revamped! This time spectacular ramp jumps are presented in a 2D perspective bringing to mind classic hits from years ago. With the diverse levels and full destruction you can never get bored!</p> <p><b>Main source of revenue: advertisements</b></p>	

<p><b>Slingshot Stunt Biker</b> (released on 21 December 2020)</p> 	<p><b>Hyper-casual</b></p> <p>Motorcycle evolutions on unpaved roads gain a whole new meaning! The player shoots a motorcycle from a slingshot to reach incredible speed and make breath-taking stunts!</p> <p><b>Main source of revenue: advertisements</b></p>	
<p><b>Hyper Roller Coaster</b> (released on 21 December 2020)</p> 	<p><b>Hyper-casual</b></p> <p>Can a rollercoaster in an amusement park be dangerous? It can if the staff has no idea what they are doing! The role of the player is to operate the attraction to allow all the passengers to finish the ride safely. This is not as easy as it may seem!</p> <p><b>Main source of revenue: advertisements</b></p>	



<p><b>Turbo Tap Race</b> (released on 22 December 2020)</p> 	<p><b>Hyper-casual</b></p> <p>Car races designed to allow anyone to take part in a thrilling road rivalry! With simple intuitive controls, the game is accessible and understandable even to someone who has never played any car game.</p> <p><b>Main source of revenue: advertisements</b></p>	
<p><b>Base Jump Wing Suit Flying</b> (released on 26 January 2021)</p> 	<p><b>Hyper-casual</b></p> <p>An extreme sport for the bravest ones! The player is a jumper flying above various locations in a special costume. Due to the intuitive controls, anyone can try it!</p> <p><b>Main source of revenue: advertisements</b></p>	

<p><b>Ski Ramp Jumping</b> (released on 05 March 2021)</p> 	<p><b>Hyper-casual</b></p> <p>A combination of stunt revolutions and winter sports. In Ski Ramp Jumping the player jumps huge distances using skis but also sledge or bobsleigh. The diverse locations include a winter ski jump, a tropical island and urban skyscrapers.</p> <p><b>Main source of revenue: advertisements</b></p>	
<p><b>Extreme Car Sports</b> (released on 08 March 2021)</p> 	<p><b>Hyper-casual</b></p> <p>A whole new level of car stunts! A game full of speed, exciting cars and extremely long jumps. The diverse locations available to the player include for instance a cyberpunk city and an aircraft carrier.</p> <p><b>Main source of revenue: advertisements</b></p>	

<p><b>Shoe Race</b> (released on 15 March 2021)</p> 	<p><b>Hyper-casual</b></p> <p>A game combining the world of fashion with foot races! The task of the player is to keep changing the shoes to match them to the surface. Only quick and skilful shoe changes can give you victory!</p> <p><b>Main source of revenue: advertisements</b></p>	
<p><b>Hunt Royale</b> (released on 25 March 2021)</p> 	<p><b>Battle Royale/MOBA</b></p> <p>An innovative multiplayer game that combines two extremely popular genres: Battle Royale and MOBA. As a Hunter, the player fights various fantastic beasts while at the same time competing with other players. There are 30 unique warriors to choose from who offer diverse styles of fun.</p> <p><b>Main source of revenue: micropayments</b></p>	

Out of the product portfolio of the BoomBit Group, the Group's performance was influenced the most by hyper-casual games, which accounted for about PLN 97.5 million of the Group's total revenue (about 70%). The most profitable games were Ramp Car Jumping and Slingshot Stunt Driver, which yielded a revenue of about PLN 31.5 million and PLN 21.4 million respectively. The total of User Acquisition and rev share expenses and the costs of distribution platforms' commissions was about PLN 63.0 million.

GaaS games yielded a total of PLN 30.7 million revenue (about 22%), of which Tanks a Lot! yielded about PLN 10.4 million and Darts Club PLN 9.0 million. The total of User Acquisition and rev share expenses and the costs of distribution platforms' commissions was about PLN 20.4 million.

The publishing contract for Tanks a Lot! expired in September 2020. Consequently, the revenue from that game and the accompanying costs (EU costs, commissions of the platforms and rev share) will no longer be visible starting from Q4 2020.

The remaining titles released on mobile platforms, in particular Driving Simulator and Bridge games, regularly generated predictable and stable income and made a total of PLN 9.7 million, with costs of User Acquisition, rev share and platform commissions around PLN 2.3 million.

The games ported to Nintendo Switch made a total of about PLN 1.7 million in 2020, which means an almost triple increase in revenue YoY (about PLN 0.6 million in 2019). The costs of platform commissions and rev share totalled around PLN 0.7 million.

#### Development pipeline in 2021

In accordance with the revised strategy presented in section 11 of this report and in current reports ESPI 5/2020 and ESPI 39/2020, the Group plans to focus on development and publishing of hyper-casual games in the next periods, both its own and made by third-party developers. Hunt Royale, which is a GaaS game, was issued in March 2021, while Idle Inventor Factory Tycoon (another game in this segment) is planned to be released in Q2 2021.

Furthermore, the Group will continue to release games for Nintendo Switch and will keep its current portfolio of games in the genres where it is the leading developer, i.e. Driving Simulator and Bridge.

## **17 Information on markets for the Group's products**

The information on markets for the Group's products is presented in Note 10 of the consolidated financial statements.

## **18 Description of the market where the BoomBit Group operates**

The Company functions in a global market of mobile games and it derives revenue from micropayments through distribution platforms (mainly Apple App Store and Google Play) and from the display of advertisements from advertising networks, as well as from sale of digital copies of the games ported to Nintendo Switch.

According to Newzoo estimations presented in "Global Games Market Report 2020," the global value of the game market in 2020 was USD 159 billion, which is a growth of about 9.3% YoY. Mobile games are the biggest segment in the market as they generated a revenue of USD 77.2 billion in 2020 (a growth of 13.3% YoY). Newzoo market analysts anticipate further growth of the mobile games market in the next years, estimating that it will exceed USD 200 billion in 2023. The biggest geographic market in the game industry is Asia & Pacific, which generated USD 78.4 billion in 2020, accounting for about 49% of the whole game market. The second biggest market was North America, with USD 40 billion, which accounts for 25% of the value of the market.



The growth trend in the mobile games segment arises e.g. from changes in the distribution model. The preferences of players change towards digital distribution, thus departing from the traditional model of physical distribution. This contributes to the popularity of the free-to-play game model. Globally, the mobile games market is at a stage of dynamic growths, becoming an entertainment of choice for players all over the world. This is mainly due to the growth in the general availability of the Internet, the growing number of smartphone owners, the growing number of users of platforms and social media, and the increasing time of use of mobile devices.

In the report "State of Mobile 2021," AppAnnie estimates that global advertising expenses in the mobile sector were about USD 240 billion in 2020 (a growth of 26% YoY) and expects the value to be USD million in 2021. This offers good prospects for the segment of mobile games, monetised mainly through display of advertisements.

## 19 Information about major contracts

The following were considered major contracts signed in the normal course of business in 2020:

### Investment contract regarding the terms and conditions of investing in SuperScale Sp. z o.o.

On 17 August 2020, the Company entered into an investment contract ("Investment Contract", "Transaction") with Level-Up First S.à.r.l. ("Level-Up"), a fund specialised in gaming, Mr. Ivan Trancik (current shareholder) and other investors as regards investing in a company co-controlled by the Company – SuperScale Sp. z o.o. ("SuperScale"). The Investment Contract included for example the terms of SuperScale's share capital increase, sale of a part of shares held by the Company and repayment of loans by SuperScale to the Company.

The purpose of the Transaction was to gain a new majority owner from the industry for international networking and financing of further development of SuperScale, especially in American market. Reduction of the Company's interest in SuperScale was an important element of the transaction because the Company's status as the leading shareholder of SuperScale was identified as a barrier to SuperScale finding clients among producers and publishers of mobile games who were the competitors of the Company in global markets.

On the date of the Investment Contract, the following happened in the performance thereof:

1. a shareholder agreement was signed,
2. the shareholders adopted a resolution on increasing SuperScale's share capital through issue of 712 preference shares (with preference regarding participation in the division of the company's assets in the event of its liquidation) of a nominal value PLN 50 each,
3. contracts for sale of shares were concluded whereunder the Company sold a total of 150 shares in SuperScale to the investors for EUR 3,150.07 each (the price to be paid and the ownership of the shares to pass to the buyers once the capital increase is registered),
4. an agreement was signed as regards changing the terms of the loan agreements between the Company and SuperScale ("Agreement"), whereunder EUR 200,000 of the loans shall be repaid after the aforementioned share capital increase is registered and then further repayments will take place in monthly instalments of EUR 10,000, provided that services continue to be provided to SuperScale, at the level as defined in the Agreement. If the above condition is not met, the instalment-based repayment of the loans will be suspended and the

outstanding amount will be repaid in its entirety not later than 5 years following the date of the Investment Contract. Furthermore, if:

- 100% are purchased by a person other than a party to the Investment Contract or
- SuperScale's share capital is increased at least by the minimum amount laid down in the Agreement, SuperScale fully repays the loans.

In the performance of the Investment Contract, not later than 4 months following the date of the Investment Contract, the parties undertook to adopt an employee option scheme whereunder the share capital would be increased to create up to 150 shares to be awarded to SuperScale employees and associates.

Additionally, under the Investment Contract, Level-Up acquired the right to purchase 112 shares in SuperScale from the Company within 6 years of the date of the Investment Contract. The rules of setting share prices and the earliest possible time of their purchase are defined in detail in the Investment Contract.

As at the publication date of this report, after the share capital increase was registered and the above-mentioned contracts for the sale of shares were concluded and the price thereunder was paid, the Company held 350 shares in SuperScale, accounting for 20.4% of SuperScale's share capital, of a nominal value PLN 50 each.

#### Project grant agreement under Operational Programme Smart Growth 2014–2020 ("GameInn Programme")

On 15 September 2020, the Company entered into a grant agreement with the National Centre for Research and Development (NCBiR) for the Company's project entitled: "Development of a system based on an artificial intelligence algorithm to modifies game parameters during the gameplay in order to maximise the revenue of game creators who use Unity and to increase their savings in the process of adapting games to the needs of players" ("Agreement").

The project will be implemented from Q3 2020 to Q2 2023, and its total assumed cost is PLN 7.2 million. According to the Agreement, the maximum grant amount is PLN 3.8 million.

Neither the Company nor any of its subsidiaries signed any major contract outside normal course of business.

## **20 Information about organisational or capital ties**

### List of investments in entities controlled by the Issuer's Group

#### *BoomBit Games Ltd.*

As at the date of this report, the Company holds 100% of shares in the share capital of BoomBit Games Ltd., which authorises it to exercise 100% of the voting rights at the general meeting of BoomBit Games Ltd. in London.

BoomBit Games Ltd. releases games on Android (Google Play). BoomBit Games Ltd. focuses on publishing games with a high monetisation potential.

#### *BoomBit Inc.*

As at the date of this report, BoomBit Games Ltd. holds 100% of shares in the share capital of BoomBit Games Inc. which authorises it to exercise 100% of the voting rights at the general meeting of BoomBit Inc. in Las Vegas.



BoomBit Inc. publishes games on iOS (Apple App Store). BoomBit Inc. focuses on publishing games with a high monetisation potential. BoomBit Inc. is an indirect subsidiary of the Issuer.

*Play With Games Ltd.*

As at the date of this report, the Company holds 100% of shares in the share capital of Play With Games Ltd., which authorises it to exercise 100% of the voting rights at the general meeting of Play With Games Ltd. in Plymouth (United Kingdom).

Play With Games Ltd. runs a business connected with publishing Parking Simulator computer games.

*PixelMob Sp. z o.o.*

As at the date of this report, the Company holds 100% of shares in the share capital of PixelMob Sp. z o.o. in Gdańsk, i.e. 100 (one hundred) shares of a total nominal value PLN 5,000 (five thousand), which authorises it to exercise 100% of the voting rights at the general meeting of PixelMob Sp. z o.o.

PixelMob Sp. z o.o. runs a business connected with publishing computer games.

*TapNice Sp. z o.o. (former BoomBooks sp. z o.o.)*

As at the date of this report, the Company holds 60% of shares in the share capital of TapNice Sp. z o.o. in Gdańsk, i.e. 60 shares of a total nominal value PLN 3,000, which authorises it to exercise 60% of the voting rights at the general meeting of TapNice Sp. z o.o. (see the description of events after the balances sheet date in section 4 of this report).

TapNice Sp. z o.o. runs a business connected with development and publishing of computer games.

*BoomHits Sp. z o.o.*

As at the date of this report, the Company holds 100% of shares in the share capital of BoomHits Sp. z o.o. in Gdańsk, i.e. 100 (one hundred) shares of a total nominal value PLN 5,000 (five thousand), which authorises it to exercise 100% of the voting rights at the general meeting of BoomHits Sp. z o.o.

BoomHits Sp. z o.o. runs a business connected with publishing hyper-casual computer games.

*Mindsense Games Sp. z o.o.*

As at the date of this report, the Company holds 100% of shares in the share capital of Mindsense Games Sp. z o.o. in Gdańsk, i.e. 100 (one hundred) shares of a total nominal value PLN 5,000 (five thousand), which authorises it to exercise 100% of the voting rights at the general meeting of Mindsense Games Sp. z o.o.

Mindsense Games Sp. z o.o. runs a business connected with publishing computer games.

*ADC Games Sp. z o.o.*

As at the date of this report, the Company holds 50% of shares in the share capital of ADC Games Sp. z o.o. in Gdańsk, i.e. 50 (fifty) shares of a total nominal value PLN 2,500, which authorises it to exercise 50% of the voting rights at the general meeting of ADC Games Sp. z o.o.

ADC Games Sp. z o.o. runs a business connected with development and publishing of hyper-casual computer games.

List of investments in entities co-controlled by the Issuer's Group

*MoonDrip Sp. z o.o.*

As at the date of this report, the Company holds 50% of shares in the share capital of MoonDrip Sp. z o.o. in Gdańsk, i.e. 200 (two hundred) shares of a total nominal value PLN 20,000 (twenty thousand), which authorises it to exercise 50% of the voting rights at the general meeting of MoonDrip Sp. z o.o.

MoonDrip Sp. z o.o. runs a business connected with development and publishing of computer games.

List of other capital investments

*SuperScale Sp. z o.o.*

In connection with performance of the investment contract laying down the terms of the investment in SuperScale Sp. z o.o. signed on 17 August 2020 (see Note 26 in the standalone financial statements and Note 29 in the consolidated financial statements), the Company's share in the share capital of SuperScale Sp. z o.o. is now 20.4%. This way SuperScale Sp. z o.o. ceased to be an entity co-controlled by the Issuer's Group.

**21 Information about transactions with affiliates on other than arm's length terms**

All transactions with affiliates are entered into on arm's length terms.

**22 Information on credit facility and loan agreements**

On 25 October 2019, the Company signed an overdraft facility agreement with a limit of PLN 2,100,000. On 30 November 2020 the Company signed an addendum to the above agreement whereunder the overdraft facility repayment deadline was 30 November 2021. The overdraft facility interest rate is WIBOR 1M plus margin. The overdraft facility was not utilised by the reporting period end date.

**23 Information on loans granted, also to affiliates**

Information about the loans granted by the Company is available in Note 23 of the standalone financial statements and in Note 25 of the consolidated financial statements.

**24 Description of how the Issuer uses the proceeds from the issue of shares until the date of the management report**

In accordance with the information in the prospectus, the Company intended to allocate the funds coming from the issue of shares for the following purposes:

- PLN 40 million for marketing campaigns (User Acquisition) – from Q1 2019 to the end of 2020,
- PLN 6.2 million for games and Core Engine tools – from Q1 2019 to the end of 2019.

By the date of this report the Company fully achieved this.

## **25 Differences between financial results disclosed in the annual report and the published projections**

The Company does not prepare projections of results.

## **26 Information on suretyships and guarantees granted and received by BoomBit**

The Company did not grant any suretyships or guarantees in the financial year 2020 and until the date of this report.

The Group had a contingent asset on the balance sheet date. The asset was a collateral for trade receivables from a foreign business partner ("business partner"). The collateral was established based on the contract between SuperScale Sp. z o.o. and the Company on 01 April 2019. The collateral covers 100% of the receivables plus accrued interest. Within the investment contract regarding the terms and conditions of investing in SuperScale Sp. z o.o. ("Investment Contract") signed on 17 August 2020 (see note 23 in the standalone financial statements and note 29 in the consolidated financial statements), the parties agreed that within the 2 years following the conclusion of this contract, the Company would not assert any claims from SuperScale in connection with the collateral. Furthermore, the Investment Contract states that if specific conditions defined therein are not met after the period of 2 years, SuperScale will have to pay the Company only 50% of the unpaid amounts owed by the business partner.

## **27 Evaluation of financial resource management**

The Group regularly prepares and revises cash flow projections to identify any threats to the financing of current operations. In connection with the positive cash flows generated in the current financial year and the prospects for the next year, the cash situation of the Group is good and the Board of Directors of the Group does not identify material risks connected with current financial liquidity.

## **28 Evaluation of the capacity to perform investment plans**

Considering the Group's current cash situation and the anticipated operating cash flows, the Board of Directors of the Group does not expect any problems with financing the development costs from its own funds in the nearest foreseeable future.

The Board of Directors of the Company also does not rule out the possibility of incurring capital expenditures by creating, or taking up interest in – joint ventures with – game development studios.

## **29 Evaluation of factors and atypical events affecting the operating result for the financial year**

The most important atypical factors which had a direct impact on the Group's performance were:

- impairment losses on development costs,
- conclusion of the investment contract laying down the terms and conditions of the investment in SuperScale Sp. z o.o., described in more detail in section 4 of this report.

### **30 Description of the external and internal factors significant for the Company's growth**

The performance and development of the BoomBit Group is influenced by macroeconomic and political factors (including the general economic situation in Poland and worldwide, fluctuations in currency exchange rates, consequences of the epidemic crisis), factors connected directly with the mobile games market (including the growing value of the market, vast competition and high concentration in the market of distribution of mobile apps), as well as internal factors, related directly to the operations of the Group.

Factors important for the development of the Group overlap with the risk factors described in section 13 of this report.

### **31 Information on staff issues and the natural environment**

The Group had a total of 203 employees and permanent contractors on 31 December 2020 (versus the 186 at the end of the previous year).

The Board of Directors believes that the nature of the operations run by the Group has hardly any impact on the natural environment.

### **32 Changes in fundamental business management principles of the Issuer and the Issuer's Group**

There were no material changes in the fundamental management principles of the Company and its Group in 2020.

### **33 Agreements with the managing staff providing for compensation in the event of their resignation or dismissal**

There are no contracts between the Company and the Directors which would provide for compensation in the case of resignation, dismissal or shutdown of the function as a result of any acquisition or merger of the Company.

### **34 Value of salaries, rewards or benefits for managing and supervisory staff or for members of the administrative bodies of the Issuer**

Information about the salaries of the management staff and the supervisory staff is presented in Note 28 of the standalone financial statements.

### **35 Payment of retirement pensions and similar benefits for former managing and supervisory staff or for members of the administrative bodies of the Issuer**

As at 31 December 2020 and as at the date of this report, the Company and the subsidiaries forming the Group had no obligations related to retirement pensions and similar benefits payable to any former managing and supervisory staff.

### **36 Total number and nominal value of all shares held by the managing and supervisory staff of the Parent Company**

The total number and nominal value of all shares held by the managing and supervisory staff of the Parent Company BoomBit SA as at 31 December 2020 and as at the date of this report is presented in Note 21 of the standalone financial statements and Note 23 of the consolidated financial statements.

As at 31 December 2020 and as at the date of this report, there were no other direct or indirect capital ties between the managing and supervisory staff of the Parent Company and the remaining entities from the Group.

### **37 Information on agreements that may lead to changes in the proportion of the shares held by the current shareholders and bondholders**

On 21 February, the Company's General Meeting adopted a resolution on the issue of 120,000 registered subscription warrants and their release to Ms. Kathee Chimowitz provided that she remained on the Board of Directors of the Group's entities or provided services to any Group company at the moment of being offered the warrants. The warrants will be offered in two tranches:

- 80,000 – 14 days after the approval date of the Company's financial statements for the financial year 2020
- 40,000 – 14 days after the approval date of the Company's financial statements for the financial year 2021

### **38 Monitoring system for employee share schemes**

The Company does not have any employee share schemes.

### **39 Information on the certified auditor**

UHY ECA Audyt Spółka z ograniczoną odpowiedzialnością sp. k. is the auditing company that audited or reviewed the financial statements of the Company and the consolidated financial statements of the BoomBit Group for the financial year 2020.

#### **39.1 Date when the issuer signed the agreement for audit of review of the financial statements or the consolidated financial statements with the auditing firm and the term of the agreement**

On 05 March 2020, the Supervisory Board adopted a resolution appointing UHY ECA Audyt Spółka z ograniczoną odpowiedzialnością sp. k. to audit and review the standalone and consolidated financial statements of the Company in 2020 and 2021. The contract with the auditing firm was signed on 30 March 2020.

#### **39.2 Information on whether the issuer has used the services of the appointed auditing firm and if it did, the period and the scope of the services**

The auditing company provided services including the mandatory audit/review of standalone and consolidated financial statements in the current reporting period.

#### **39.3 Governing body that appointed the auditing firm**

The auditing firm was appointed by the Supervisory Board of the Company.

### **39.4 Fee of the auditing firm paid or payable for the financial year and the previous financial year, separately for audit of the annual financial statements, other attestation services, including review of the financial statements, tax advice and other services**

Information on the fee of the auditing firm is presented in Note 30 of the standalone financial statements and in Note 32 of the consolidated financial statements.

## **40 Representations of the Board of Directors**

### **40.1 Representation concerning the adopted accounting principles**

The Board of Directors of BoomBit S.A., composed of:

- 1) Marcin Olejarz – CEO
- 2) Anibal Jose Da Cunha Saraiva Soares – Vice-President
- 3) Marek Pertkiewicz – Director

hereby confirm that to the best of their knowledge, the consolidated financial statements, the annual financial statements of BoomBit S.A. and the benchmarking data were prepared in accordance with current accounting policies and that they give a true and fair view of the Group's assets, financial position and financial result.

The management report presents a true view of development, accomplishments and situation of the BoomBit S.A. Group, including a description of the fundamental risks and threats.

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Marcin Olejarz  
CEO

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Anibal Jose Da Cunha Saraiva  
Soares  
Vice-President of the Board of  
Directors

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Marek Pertkiewicz  
Director

### **40.2 Representation regarding appointment of the auditing firm to audit the consolidated financial statements**

The Board of Directors of BoomBit S.A. hereby represents that:

- the auditing firm that audited the consolidated financial statements and the financial statements of BoomBit S.A. was appointed in accordance with the applicable laws and that the firm and the certified auditors conducting the audit meet the requirements to issue an impartial and independent audit opinion for the consolidated financial statements and the financial statements of BoomBit S.A. as required by the applicable laws, professional standards and professional ethics;
- the applicable laws connected with rotation of the auditing firm and of the certified auditor and with the mandatory waiting periods are complied with,



- the issuer has an auditing firm appointment policy in place, along with a policy on the provision of additional non-audit services to the issuer (including services conditionally permitted to be provided by an auditing firm) by the auditing firm or by any affiliate of the auditing firm or by any member of the auditing firm's network.

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Marcin Olejarz  
CEO

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Anibal Jose Da Cunha Saraiva  
Soares  
Vice-President of the Board of  
Directors

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Marek Pertkiewicz  
Director