

A vibrant, stylized illustration of a game scene. In the center, a blonde woman in a black 'Baseball' jersey and red pants stands on a baseball field, holding a bat. To her left, a man in a yellow and black 'Dart' shirt and black shorts stands with his hands raised. In the foreground, a green, blocky character with purple hair and a purple bandana is running towards the left. To the right, a purple, blocky character with a green visor is running towards the right. In the background, a large, black and yellow dragon-like creature with purple wings is breathing fire. A small, blue, winged character is flying in the upper left. The sky is blue with white clouds and colorful confetti is falling. The scene is set in a stadium with a large screen in the background.

BOOMBIT

BOOMBIT S.A. GROUP MANAGEMENT REPORT

for 2021

GDAŃSK, 25 APRIL 2022

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1 Letter from the CEO

Dear Shareholders and Investors,

I hereby present the annual report with the financial results and the most important disclosures regarding the activity of the BoomBit S.A. Company and Group in 2021.

Our activity in 2021 was characterised by dynamic development and search for new opportunities to increase and diversify the revenue of the BoomBit Group. We are one of the fastest growing companies that develop and publish mobile games – both using our own resources and through external publishing activity, which was transferred to BoomHits at the beginning of 2021. The entity is a vehicle for establishing relations with foreign developers and, subsequently, creating joint ventures with the most prospective of them. Such joint ventures form the third source of our revenue.

The hard work of our international team deployed all over the world has made 2021 a record year for us in a number of aspects. We significantly increased our revenue, we published new exciting games and, at the end of the third quarter, we exceeded the total of one billion downloads of all games in history, becoming one of few companies to have achieved this. We had almost 238 million downloads in 2021 alone. What makes it even more impressive is that we were facing tremendous turbulence in the mobile advertising market during that time arising from changes in Apple's privacy policies.

The Group's total revenue in 2021 was PLN 239 million, which was 70% up from 2020. With our broad portfolio and several successful premiers, the majority of the 2021 revenue was generated by hyper-casual games, which accounted for about PLN 157 million, i.e. approximately 65% of the Group's total revenue. On top of that, mid-core games had a highly positive impact on the results as they brought PLN 67.1 million, accounting for about 28% of total revenue.

The 2021 EBITDA adjusted by one-time events was PLN 33.0, which was 14% up from the PLN 28.9 million in the year before, while adjusted net profit was PLN 16.5 million – 27% up from the PLN 13.0 last year.

The Group's 2022 prospects are closely correlated with the Group's strategy revised at the beginning of the year. The main assumption of the strategy is to continue the growth of hyper-casual and mid-core games, as well as casual and hybrid-casual games. We are also planning new joint ventures. We currently have four. To the already operating TapNice, we added PlayEmber and SkyLoft in 2021 and BoomPick in February 2022. The latter is a joint venture with the Polish developer Cherrypick Games, which we set up to develop and publish casual games, especially merge games, thus supplementing the current the portfolio of the BoomBit Group.

A new element of our strategy is to build competencies in the area of Play-and-Earn games. Games of this type are based on the blockchain technology. We see the high potential of this game's monetisation method as an alternative to traditional methods, such as ads or micropayments.

Considering the year as a whole, we are satisfied with the results and the development of the BoomBit Group. With the significant revenue growth and positive cash flows, the current financial standing of the Company and the Group is very good, as confirmed by the interim dividend of PLN 3.2 million paid in November 2021. We are excited and optimistic about the new development initiatives connected with the revised strategy of the Group.

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 publishing of computer games
NIP (tax identification number)	9571040747
REGON (Polish business statistical number)	221062100
Share capital:	PLN 6,710,00.00 – paid in full
KRS (National Court Register number)	0000740933

2.2 Governing bodies of the Parent Company

Board of Directors

On 31 December 2021 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

On 31 December 2021 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.

2.3 Shareholder structure of the Company

BoomBit shareholding structure at 31 December 2021:

	Number of shares	Par 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
	13,420,000	6,710,000

	Number of shares	Par value	Capital percentage	Voting percentage
Karolina Szablewska-Olejars	1,837,208	918,604	13.69%	14.61%
Marcin Olejars	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%
	13,420,000	6,710,000	100.00%	100.00%

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

Shareholding structure of BoomBit on the management report publication date, i.e. 25 April 2022:

	Number of shares	Par 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
Class F – ordinary registered shares	80,000	40,000
	13,500,000	6,750,000

	Number of shares	Par value	Capital percentage	Voting percentage
Karolina Szablewska-Olejars	1,838,839	919,420	13.62%	14.56%
Marcin Olejars	1,865,089	932,545	13.82%	14.69%
ATM Grupa S.A.	4,000,000	2,000,000	29.63%	30.77%
We Are One Ltd.*	3,725,000	1,862,500	27.59%	29.36%
Other shareholders	2,071,072	1,035,536	15.34%	10.62%
	13,420,000	6,710,000	100.00%	100.00%

*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

The composition of the Group on 31 December 2021 and the changes in the structure of the Group which took place in 2021 are presented in Note 2 of the consolidated financial statements.

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 2021 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 2021. 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 2021.

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

Basic consolidated financial data

(PLN '000)	01/01/2021 – 31/12/2021	01/01/2020 – 31/12/2020	2021-2020	2021/2020
Revenue on sales	238,995	140,236	98,759	70.42%
Cost of sales	(208,959)	(115,307)	(93,652)	81.22%
Gross profit on sales	30,036	24,929	5,107	20.49%
EBIT	22,355	9,665	12,690	131.30%
Net profit	17,764	14,585	3,179	21.80%

(PLN '000)	31/12/2021	31/12/2020	2021-2020	2021/2020
Development costs	18,934	21,162	-2,228	-10.53%
Other tangible assets	28,843	26,490	2,353	8.88%
Cash and cash equivalents	33,295	20,748	12,547	60.47%
Other current assets	38,558	21,942	16,616	75.73%
Total assets	119,630	90,342	29,288	32.42%
Equity	79,071	66,822	12,249	18.33%
Long-term liabilities	2,979	3,684	-705	-19.14%
Short-term liabilities	37,580	19,836	17,744	89.45%
Total liabilities	119,630	90,342	29,288	32.42%

Consolidated quarterly performance data

	Q4 2020	12 months of 2020	Q1 2021	Q2 2021	Q3 2021	Q4 2021	12 months of 2021	2021- 2020	% change 2021- 2020
Revenue, including:	34,278	140,236	42,894	70,677	57,614	67,810	238,995	98,759	70%
Micropayments and sale of digital copies	5,915	28,666	6,565	15,424	12,453	14,667	49,109	20,443	71%
Advertising	28,053	110,348	36,168	55,010	44,948	51,472	187,598	77,250	70%
Main variable costs:	20,312	86,644	26,890	50,644	40,272	48,954	166,760	80,116	92%
Commissions of platforms	1,897	8,716	2,105	4,489	3,400	4,389	14,383	5,667	65%
User Acquisition*	16,739	68,823	22,870	41,843	32,636	40,390	137,739	68,916	100%
Revshare	1,676	9,105	1,915	4,312	4,236	4,175	14,638	5,533	61%
Revenue minus main variable costs	13,966	53,592	16,004	20,033	17,342	18,856	72,235	18,643	35%
EBITDA	126	22,284	8,175	10,247	7,234	9,360	35,016	12,732	57%
Financial revenue/expenses	8,505	8,562	9	(460)	9	(8)	(450)	(9,012)	-105%
NET PROFIT/LOSS	4,209	14,585	3,882	5,528	3,349	5,005	17,764	3,179	22%
One-time events**	(2,299)	(1,922)	-	476	-	(1,984)	(1,508)	414	-22%
Current/deferred tax on one-time events	437	365	-	(91)	-	377	286	(79)	-22%
Adjusted EBITDA	6,394	28,929	8,175	10,247	7,234	7,376	33,032	4,103	14%
Adjusted NET PROFIT/LOSS	2,347	13,028	3,882	5,913	3,349	3,398	16,542	3,514	27%
minority interest	1,133	2,057	1,046	2,137	1,023	244	4,450	2,393	116%

* The amounts do not include the User Acquisition expenses and the costs of commissions from platforms from soft launch, which are – in accordance with the accounting policy – charged to 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 2021 – valuation of the call option for Level-Up First S.à.r.l. for purchase of 112 SuperScale shares from the Company. Recognition – in 'Other operating revenue' – of the received Guaranteed Minimum of USD 500,000 (PLN 2 million) regarding a publishing contract which was not fully performed.

In the period covered by this report, the Group's total revenue (PLN 239.0 million) was 70% up from the previous year (PLN 140.2 million). The revenue growth was driven mainly by hyper-casual games, which are monetised primarily through advertisements. A benchmarking between the 12 months of 2021 and the analogical period of 2020 shows a 70% increase in revenue from advertisements. The growth of revenue from micropayments is attributed mostly to Hunt Royale, which premiered on 25 March 2021.

The increase in revenue on games was accompanied by an increase in cost of sale. The cost of sale in the analysed period of 2021 was PLN 209.0 million, which was PLN 93.7 million (81%) down from the analogical period in 2020 (PLN 115.3 million). The increase resulted mainly from the higher User Acquisition costs, which were PLN 137.7 million and were PLN 68.9 million (i.e. 100%) up from the analogical period in 2020. From a nominal perspective, the costs of revshare and platform commissions also increased while the share of those costs in relation to revenue remained similar to that in the year before.

At the same time, the growing scale of the Group's business and the expanding portfolio of games was accompanied by an increase in staff costs, recognised in cost of sale, which were PLN 17.8 million in 2021 – PLN 7.5 million up

from the previous year. In connection with the development of the Group's activity, the costs of non-production teams, mainly in User Acquisition, Publishing, Marketing Creatives and Business Intelligence, grew and, consequently, the share of staff costs recognised in the profit and loss account was greater than in the year before. Furthermore, the Group intensely invested in the area of collaboration with foreign development teams specialised in hyper-casual games, which led to a PLN 6.1 million YoY growth in cost of outsourced services. 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.

General administrative costs were PLN 11.1 million, i.e. PLN 1.8 million (16% up) down from the previous year. The growth arises mainly from staff costs (including reserves) and higher costs of activity, such as consulting costs and marketing costs which pertain to the activity of the whole Group (and not to individual games).

EBITDA (calculated as operating result less depreciation and amortisation) adjusted by one-time events was PLN 33.0 million in the current period (versus the PLN 28.9 million in the previous year), while net profit adjusted by one-time events was PLN 16.5 million (versus the PLN 13.0 in the previous year).

The Group's total assets as at 31 December 2021 were PLN 119.6 million, i.e. PLN 29.3 million up from 2019. The increase in assets was mainly due to trade receivables, the balance of which was PLN 30.4 million, i.e. PLN 15.8 million up from 31 December 2020. The increase in receivables was the outcome of higher sales recorded in December 2021 versus December 2020. In connection with the positive cash flows generated by the Group in 2021, the cash flow balance was PLN 33.3 million, which was PLN 12.5 million up from 31 December 2020 (PLN 20.7 million). The most important amount in other receivables is VAT receivables (PLN 7.3 million at the end of the current reporting period versus the PLN 5.3 million at the end of 2020). 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 40.6 million, which was a PLN 17.0 million increase versus the balance at the end of December 2020. The increase resulted from change in short-term liabilities, mainly trade liabilities (PLN 16.0 million up), which was mostly due to higher 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)	01/01/2021– 31/12/2021	01/01/2020– 31/12/2020	2021-2020	2021/2020
Revenue on sales	145,123	100,883	44,240	43.85%
Cost of goods sold	(125,414)	(89,211)	(36,203)	40.58%
Gross profit on sales	19,709	11,672	8,037	68.86%
EBIT	7,760	(1,812)	9,572	-528.26%
Net profit	12,376	6,449	5,927	91.91%

(PLN '000) PLN)	31/12/2021	31/12/2020	2021-2020	2021/2020
Development costs	17,458	19,792	-2,334	-11.79%
Other tangible assets	25,415	21,374	4,041	18.91%
Cash and cash equivalents	5,546	15,626	-10,080	-64.51%
Other current assets	57,661	21,978	35,683	162.36%
Total assets	106,080	78,770	27,310	34.67%
Equity	70,167	60,471	9,696	16.03%
Long-term liabilities	3,167	3,604	-437	-12.13%
Short-term liabilities	32,746	14,695	18,051	122.84%
Total liabilities	106,080	78,770	27,310	34.67%

In order to better reflect the division of roles of the BoomBit Group companies, some business processes in the Group were changed. This also changed the Company's revenue structure by source. The change did not affect the total revenue of the Company or the Group. The Company's revenue for 2021 was PLN 145.1 million, i.e. PLN 44.2 million (43.85%) up from the previous year. This year, the Company's main source of revenue was revshare from affiliates, totalling PLN 114.9 million, i.e. 79% of the total revenue (versus PLN 13.3 million, i.e. 13%, in the previous year), and the ads displayed in the games published by companies from the BoomBit S.A. Group, totalling PLN 24.9 million, which accounted for 17% of the total revenue (versus PLN 86.1 million, i.e. 85% of the total revenue in the previous year).

The increase in revenue on games was accompanied by an increase in cost of sales. The cost of sales in 2021 was PLN 125.4 million, which was PLN 36.2 million, i.e. 41%, more than in 2020 (PLN 89.2 million). The increase results mainly from higher User Acquisition expenses (a PLN 30.9 million growth) and staff costs (of production and non-production teams, i.e. User Acquisition, Marketing Creatives, Business Intelligence), which were PLN 13.6 million in 2021, i.e. PLN 3.8 million more than last year. Additionally, the cost increase was also caused by an increase of revshare costs, which were PLN 11.6 million (PLN 4.6 million in 2020). 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.

In the current reporting period, the Company verified loans granted and receivables for expected credit losses as required by IFRS 9. As a result of the analysis, the Company recognised a total of PLN 2.7 million impairment losses. Details regarding the impairment losses are presented in section 4 hereof.

The Company's assets as at 31 December 2021 were PLN 106.0 million, i.e. PLN 27.3 million more than at the end of 2020. The increase was mainly the outcome of the trade receivables increase to PLN 54.4 million (versus the PLN 16.86 million at the end of the previous year) in connection with the substantial revenue growth.

For liabilities, the Company had a PLN 14.8 million increase in trade liabilities, which resulted mainly from higher User Acquisition expenses.

Equity grew in 2021 (by PLN 9.7 million) in connection with the net profit achieved by the Company (PLN 12.4 million) and with the PLN 541,000 increase in other capitals due to entry of the Company's share warrants in the books (see Note 30 of the standalone financial statements). The equity increase was partially compensated by the paid interim dividend of PLN 3.22 million (see Note 15 in the standalone financial statements).

3.4 Group profitability analysis

Profitability indexes	Formula	01/01/2021– 31/12/2021	01/01/2020– 31/12/2020
Gross margin on sales	Profit / Gross loss on sales / revenue on sales	12.6%	17.8%
EBIT margin	Profit / Operating loss / revenue on sales	9.4%	6.9%
EBITDA margin	Profit / Operating loss plus depreciation and amortisation / revenue on sales	14.7%	15.9%
Net profit margin	Profit / Net loss / revenue on sales	7.4%	10.4%
Return on assets ROA	Profit / Net loss / Assets at the end of period	14.8%	16.1%
Return on equity ROE	Profit / Net loss / equity at the end of period	22.5%	21.8%
Adjusted profitability indexes*	Formula	01/01/2021– 31/12/2021	01/01/2020– 31/12/2020
EBIT margin	Profit / Operating loss / revenue on sales	8.5%	11.6%
EBITDA margin	Profit / Operating loss plus depreciation and amortisation / revenue on sales	13.8%	20.6%
Net profit margin	Profit / Net loss / revenue on sales	6.9%	9.3%
Return on assets ROA	Profit / Net loss / Assets at the end of period	13.8%	14.4%
Return on equity ROE	Profit / Net loss / equity at the end of period	20.9%	19.5%

* 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. In 2021 – valuation of the call option for Level-Up First S.à.r.l. for purchase of 112 SuperScale shares from the Company. Recognition – in 'Other operating revenue' – of the USD 500,000 received as the Guaranteed Minimum (PLN 2 million).

The Group's profitability indexes remained similar in 2021 and in 2020. In 2020, the Group earned revenue and achieved profitability levels due to the development of hyper-casual games. In 2021, the Group maintained that trend and grew the mid-core games business.

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 2021 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 2021 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 Notes 19 and 21 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.

Recognition of impairment losses on receivables and loans granted, based on analysis of the expected credit losses, as required by IFRS 9.

As at the balance sheet date, the Group verified loans granted and receivables for expected credit losses (ECL) as required by IFRS 9. An individual analysis conducted for loans and receivables from affiliates demonstrated the existence of grounds for impairment of loans and receivables in BoomHits Sp. z o.o. ("BoomHits"). The company performed an individual impairment test for receivables and loan according to the scenario method and as a result it identified an impairment (default) and recognised an impairment loss for a total of PLN 2,707,000, of which PLN 945,000 was attributed to the loan granted to the affiliate BoomHits and PLN 1,762,000 to trade receivables. The total value of the exposure at default for 31 December 2021 was estimated as PLN 8,593,000, with a loss given default of 32%.

Investment in development of collaboration with external development studios

The Group intensely invested to develop the collaboration with foreign development studios specialising in hyper-casual/hybrid-casual/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, which functions in the Group as a vehicle for establishing relations with foreign developers and, subsequently, creating joint ventures ("JV") with the most prospective of them.

In February 2022, the Company created a JV with the Polish developer Cherrypick Games S.A. to develop and publish casual games, especially merge games, which will supplement the current the portfolio of the BoomBit Group.

The Group assumes that collaboration with external developers and newly created JVs will help further improve the Group's revenue and performance in the next periods.

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

The Company continued to intensely develop its original tool for User Acquisition campaigns. In 2021, the main area involved changes in Apple's privacy policy which temporarily affected the profitability of this sales channel for hyper-casual games. In addition, in connection with publishing new mid-core games and the plans to further develop this segment, the Company focused on developing the tools for analysis of results and on prognostic models for this type of games.

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

Due to the broad portfolio and a number of successful hyper-casual game premières, the majority of the Group's revenue in 2021 was generated by productions of this type. Mid-core games (Hunt Royale and Darts Club) also had a highly positive impact on the Group's results.

To the best of its knowledge, as of the report publication date, the Group estimates that the total revenue on games in Q1 2022 will be about PLN 66,469,000, 50.3% of which would be attributable to hyper-casual games. The Group also expects the UA costs to be about PLN 39,055,000, 60.4%% of that cost attributable to hyper-casual games. Disclosures of the monthly revenue on sales in Q1 2022 were reported in ESPI current reports.

The Group's prospects in the current financial year are closely correlated with the revised strategy of the Group (see section 11 hereof). In particular, the Group plans to further develop the area of hyper-casual, mid-core, casual, and hybrid-casual games, both by publishing its own games and through collaborations with external developers, also through joint ventures. Furthermore, the Group will continue to port games to Nintendo Switch and plans to release games for other platforms (Steam); it also kept its existing portfolio of games in the genres where it is the leading developer, i.e. Driving Simulator and Bridge.

A new element of the strategy is to build competences in the area of Play-to-Earn games, where users are able to make actual money by progressing through the gameplay. Games of this types are based on the blockchain technology. The Group sees the high potential of this game's monetisation method as an alternative to traditional methods (ads or micropayments). The Group is currently working on two independent projects of this type.

The Group is planning to further develop its human resources, mainly graphic designers, developers and blockchain specialists.

Furthermore, the development of the Group's structure and the launch of the shared services centre (in Mindsense Games sp. z o.o.), which took place at the beginning of 2022 to support the Group's companies in keeping the books and handling the HR & payroll tasks, the Group also develops its back office resources.

Incentive schemes of the Group

On 21 April 2022 the Extraordinary General Meeting of the Company adopted a resolution to launch incentive schemes for 2022-2024 for the Board of Directors, employees and contractors of the Company and of the Group's companies. The schemes (see also the description in Note 33 of the standalone financial statements and Note 35 of the consolidated financial statements) are designed to tie the individuals whose contribution is essential for building the goodwill of the Company and the Group with the organisation in the long term.

In accordance with the adopted resolutions regarding the incentive scheme for the Board of Directors of the Company:

- The scheme will involve the issue of not more than 100,000 (one hundred thousand) class D subscription warrants, which will give their beneficiaries the right to take up class G ordinary bearer shares of the Company, to be issued as a part of a conditional share capital increase.
- The warrants will be issued free of charge and the share issue price will be PLN 0.50 (fifty grosz) per share.
- Under the Incentive Scheme, the Participants will be granted a conditional right to take up the Warrants.

- The Incentive Scheme covers the 2022-2024 period, with the stipulation that it must be completed by 31 December 2025.

The Board of Directors of the Company believes that launching an incentive scheme where the Directors are allowed to take up, free of charge, class D subscription warrants of the Company which give them the right to acquire class G ordinary bearer shares for a price equal to their par value, which is PLN 0.50 per share, as proposed in the resolution of the Extraordinary General Meeting, will help further develop the Company and improve its performance as the Directors will stay motivated to achieve subsequent goals and will be tied to the Company and the Group in the long term.

According to the resolution regarding incentive scheme for the employees and contractors of the Company and the BoomBit Group's companies and on conditional increase of the Company's share capital with the pre-emptive rights of the existing shareholders excluded in their entirety in connection with issue of class H ordinary bearer shares on issue of class E subscription warrants with the pre-emptive rights of the existing shareholders excluded in their entirety, and on amendment of the Company's Articles of Association:

- The scheme will involve issuing of not more than 405,000 (four hundred and five thousand) class E subscription warrants ("Warrants") giving their beneficiaries the right to take up class H ordinary bearer shares of the Company, to be issued as a part of a conditional share capital increase.
- The warrants will be issued free of charge and the share issue price will PLN 0.50 per share.
- Under the Incentive Scheme, the Participants will be granted a conditional right to take up the Warrants.
- The Incentive Scheme covers the 2022-2024 period, with the stipulation that it must be completed by 31 December 2025.

The Board of Directors of the Company believes that launching an incentive scheme where employees and contractors of the Company and of companies from the BoomBit Groups are allowed to take up, free of charge, class E subscription warrants of the Company which give them the right to acquire class H ordinary bearer shares for a price equal to their par value, which is PLN 0.50 per share, as proposed in the resolution of the Extraordinary General Meeting, will help further develop the Company and improve its performance as it will improve the performance of the employees and contractors of the Company and of companies from the BoomBit Group, it will tie them to the Company and the Group in the long term and it will improve the appeal of the Company in the labour market.

The conditional increase of the Company's share capital with fully excluded pre-emptive right of the existing shareholders in connection with the issue of class H ordinary bearer shares and issue of class E subscription warrants with fully excluded pre-emptive right of the existing shareholders as well as the amendment of the Articles of Association is designed to provide an incentive scheme for employees and contractors of the Company and of companies from the BoomBit Group in the wording as proposed in the draft resolution of the Extraordinary General Meeting on adopting an incentive scheme for employees and contractors of the Company and of companies from the BoomBit Group and on conditional increase of the Company's share capital with fully excluded pre-emptive right of the existing shareholders in connection with the issue of class H ordinary bearer shares and issue of class E subscription warrants with fully excluded pre-emptive right of the existing shareholders as well as the amendment of the Articles of Association.

The full text of the incentive scheme is presented in the appendix to ESPI current report 13/2022 of 21 April 2022.

Political and economic issues

On 24 February 2022, Russia invaded Ukraine and thus destabilised the political and economic situation in the region, which may adversely affect the Polish economic system. By the date of these financial statements, the armed conflict in Ukraine has not had a material direct impact on the operations and profit/loss of the Group. The total share of the Ukrainian and Russian markets in the Company and the Group's revenue for 2021 represented 2.9% and 2.5% respectively of the revenue on sale of distribution platform.

The Group hereby sees the following factors which may influence the markets and the Group's development prospects in subsequent quarters:

- a) weaker PLN exchange rate, which may affect the financial results of the Group,
- b) higher inflation dynamic.

Situation in the labour market

The Group also identifies the growing salary pressure and competition in the labour market. This is the outcome of the increasingly common (especially in IT) home office work, which contributes to the growing trend of local employees being sought out by companies from various parts of the world. The high inflation in Poland and worldwide is an additional factor which also contributes to the increase of the market salaries of qualified specialists. Given the salary pressure and the fact that the Group hires specialists who receive pay in various currencies, both inflation and currency exchanges rates are the issues that may affect the profit/loss of the Group.

Currency exchange rates

Currency exchange rates may have a major impact on the development of the Group's activity in the current financial year. 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 USD, EUR and GBP. More than 85% employees and contractors of the Group are paid in PLN; as a consequence, the value of the Group's revenue is negatively correlated with the value of the Polish currency. Fewer than 15% employees and contractors receive salaries denominated in EUR, GBP and USD. In view of the foregoing, dynamic changes in currency exchange rates in 2022 may affect some of the presented items of the Group's consolidated financial statements.

Strategic options review connected with the potential sale of a major block of the Company's shares

On 4 November 2021, the Company was informed by the Board of Directors of ATM Grupa S.A. ("ATM") that ATM had adopted a resolution on starting to review selected options of strategic importance to ATM in order to decide whether or not to sell all of the Company's shares held by ATM, including registered preference shares, in a single transaction with one industry or financial investor operating in a market similar to that of the Company.

ATM stated that it will be guided by the best interest of BoomBit S.A. in its decision regarding the sale of its shares of Company and regarding the buyer.

In connection with the information received from ATM about the strategic options review process aimed at deciding whether or not to sell or ATM's shares of the Company, the Board of Directors of the Company decided on 4 November 2021 to review its options of strategic importance which support the Company's further development. The purpose of the strategic options review is to choose the most favourable way of achieving the Company's long-term objective, which is the Company's growth that is based on the strategy to date and leads to maximisation of value for current and future shareholders.

During the strategic options review, the Board of Directors considers various options, which include finding a strategic industry investor. In the process, to the extent permitted by the applicable laws, selected entities are provided with additional information about the Company.

The performance of the strategic options review by the Company depends on the actions taken by ATM.

Sale of a major block of the Company's shares by ATM and finding a new strategic investor may influence the development of the Company and the Group and their business. For now, the Company is unable to define the actual impact of a potential transaction on its development and determine whether such a transaction will be completed.

6 Major research & development achievements

In the current year, the Company continued 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, as described in section 4 hereof.

7 Current and anticipated financial standing

Due to the significant revenue growth and the positive cash flows in 2021, the current financial standing of the Company and the Group is stable. The Company expects its financial flows and results to improve in the near 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 4/2022 of 04 February 2022, the Company stated that the Group and the Company currently plan to continue their development in the main areas:

- Production and publishing of both hyper-casual and mid-core games using the internal resources of BoomBit.
- Publishing of the games of external developers by BoomHits.
- Development of collaborations with new developers through creation of joint ventures.

The other areas of the Group's activity:

- Maintain the portfolio of Driving Simulator and Bridge games.
- Publish games for Nintendo Switch.
- Develop the activity involving casual and hybrid-casual games.
- Development of competencies in the area of Play-to-Earn games.

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 original 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),

- a key team engaged in growing the value of the BoomBit Group, motivated e.g. by:
 - the salary of the production team tied to the success of a particular production, i.e. Revenue Sharing,
 - an incentive scheme for the key management (see Note 33 in the standalone and Note 36 in the consolidated financial statements).

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, inflation, are beyond the control of the BoomBit Group but they have an impact on the Group's revenue and income. 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. This risk factor may have a negative impact on the business, financial standing, growth prospects, and performance of the BoomBit Group or the market price of shares.

Risk related to the war in Ukraine

On 24 February 2022 a large-scale armed conflict started between Ukraine and Russia in the Ukrainian territory. By the date of these financial statements, the armed conflict in Ukraine has not had a material direct impact on the operations and profit/loss of the Group. The total share of the Ukrainian and Russian markets in the Company and the Group's revenue for 2021 represented 2.9% and 2.5% respectively of the revenue on sale from distribution platforms.

The Group hereby sees the following factors which may influence the markets and the Group's development prospects in subsequent quarters in connection with the armed conflict in Ukraine:

- a) weaker PLN exchange rate, which may affect the financial results of the Group,
- b) higher inflation dynamic.

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 network 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 sees the risk of further changes in the privacy policy of distribution platforms, including Google Play. On 16 February 2022, Google presented the extension of the Privacy Sandbox initiative to phones with Android. The purpose of such actions is to limit the possibility of tracking the user within an app and limit the possibility of obtaining data and transmitting them to advertising networks. For now, the exact moment of the introduction of these changes is unknown, Google claims that the project will be spread over at least 2 years. For more details on the coming changes, go to: https://www.privacysandbox.com/intl/en_us/android/

The above changes may lead to turbulence in the advertising market analogical to that following the changes introduced by Apple in 2021, i.e. reduced effectiveness of the targeted marketing campaigns and poorer accuracy of the data reported by advertising networks.

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. Furthermore, since some specialists in the Group are paid in EUR, any appreciation of this currency versus other currencies (especially USD) may adversely affect some of the presented items of the consolidated financial statements. 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 to 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. This risk factor may have a negative impact on the business, financial standing, growth prospects, and 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 would 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.

This risk factor may have a negative impact on the business, financial standing, growth prospects, and 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 also uses 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, for example, with respect to Unity 3D. This risk factor may have a negative impact on the business, financial standing, growth prospects, and 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 Group recognises the threat connected with the 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 which may slow down project implementation but the Group takes the steps to minimise the threat and to complete its works by deadlines. The steps include the possibility of home office for all employees of the Group and the progressing geographic employment diversification of employees and contractors.

Furthermore, the Group 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 Group and it has given any guidelines it was aware of to minimise the threat, if any, and the spreading of the virus.

In the opinion of the Group, the epidemic crisis in 2021 had a neutral impact on the industry (in 2020, the impact was positive in the opinion of the Group). The change resulted from the emergence of vaccines and the less strict attitude of governments to lockdowns than in 2020.

By the publication date of this report, the Group did not identified 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. This risk factor may have a negative impact on the business, financial standing, growth prospects, and 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. This risk factor may have a negative impact on the business, financial standing, growth prospects, and 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 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 cyberattacks, 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. This risk factor may have a negative impact on the business, financial standing, growth prospects, and 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. This risk factor may have a negative impact on the business, financial standing, growth prospects, and 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 coverage

The BoomBit Group obtains 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 coverage 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. This risk factor may have a negative impact on the business, financial standing, growth prospects, and 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 a 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 are 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. This risk is a part of the BoomBit Group's daily activity. This risk factor may have a negative impact on the business, financial standing, growth prospects, and 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 develop 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. This risk factor may have a negative impact on the business, financial standing, growth prospects, and 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 13.62% and 13.82% interest in the share capital and 14.56% and 14.69% 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, a 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's basic operations 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 capital 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 Group 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 and 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

BEST PRACTICE OF GPW LISTED COMPANIES IN EFFECT AS OF 1 JULY 2021

BoomBit S.A. follows the corporate governance recommendations and principles laid down in the Best Practice of GPW Listed Companies 2021. The text is available on:

<https://www.gpw.pl/dobre-praktyki2021>

The rules in effect as at 1 July 2021 which the Company decided not to apply and the reasons why.

According to the current application of the Best Practice, the Company does not apply 15 rules: 1.3.1., 1.3.2., 1.4., 1.4.1., 1.4.2., 2.1., 2.2., 2.11.6., 3.5., 3.6., 4.1., 4.3., 4.8, 6.1, 6.3.

1.3. in its business strategy, the company also addresses ESG issues, including in particular:

1.3.1. environmental issues, including the metrics and risks related to climate change, and sustainable development issues;

Commentary of the Company: *The Company's business has hardly any impact on environmental issues, especially on climate change. The business involves office work and it is not characterised by above-standard emission of greenhouse gases or substances harmful to health. In view of the foregoing, the Company has not incorporates ESG issues in its business strategy. However, the Company is aware of climate change so it strives to minimise electricity consumption, whereas waste disposal is addressed in the contracts signed by the Company. By the publication date of this statement on the application of Best Practice of GPW Listed Companies, the Company has not prepared a formal environmental impact assessment.*

1.3.2. social and staff issues, related e.g. to the actions taken and planned to guarantee gender equality, proper work conditions, respect for employee rights, dialogue with local communities, customer relations.

Commentary of the Company: *The Company does not separately address social and staff issues in its business strategy. Nonetheless, the Company abides by gender equality principles, whereas work conditions are adapted to the business and its scale. The Company cares about its relations with customers and business partners.*

1.4. In order to ensure proper communication with the stakeholders in terms of the adopted business strategy, the company posts on its website the information about the assumptions of its strategy, measurable objectives, including in particular long-term objectives, the planned actions and strategy implementation progress defined through financial and non-financial measures. The information about the ESG strategy should:

Commentary of the Company: *The principle is not fully applied. In order to ensure proper communication with the stakeholders, the Company posts on its website the information about its strategy but, considering the nature of its business, it does not present the financial and non-financial measures related to the strategy. Striving to increase the value of the Company and the Group, the Company 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 each of the periodic reports, the Company presents the number of games released in that period. The area of authority of the Company's Directors is presented on the website on: <https://boombit.com/pl/ir/wladze/zarzad/>*

1.4.1. explain how the decision-making processes of the company and the entities from its group address the issues related to climate change and identify the related risks;

Commentary of the Company: *Considering the commentaries presented with regard to non-application of principles 1.3 and 1.4, the Company does not address climate change issues in its strategy.*

1.4.2. present the value of the salary equality index for the salaries paid to its employees, calculated as the percentage difference in the average monthly salary (including the bonuses, rewards and other extras) between women and men for the past year, and disclose the information about the actions taken to eliminate the inequalities, if any, in this area and present the related risks and the time horizon for ensuring the equality.

Commentary of the Company: *Considering the commentaries presented with regard to non-application of principles 1.3 and 1.4, the Company does not keep the statistics of the salary equality index for the salaries paid to its employees. The salaries are established on a case-by-case basis based on factors not related to the employee's gender. The Company follows the principles of no discrimination in salary payment.*

2.1. The company should have a diversity policy towards the board of directors and the supervisory board, adopted by the supervisory board or the general meeting, respectively. The diversity policy defines the diversity objectives and criteria, e.g. in such areas as gender, education speciality, expertise, age and professional experience, and determines the schedule and method of monitoring the achievement of those objectives. In terms of gender diversity, the diversity of the company's governing bodies is ensured if minorities account for at least 30% for the governing body.

Commentary of the Company: *The principle is not applied. The Company has not prepared a diversity policy for the Board of Directors and the Supervisory Board. The Company believes that hiring decisions must be based on qualifications-related criteria, such as education specialty, expertise and professional experience. To achieve a gender diversity of at least 30% in the governing bodies, the Company would be forced to dismiss a current member of the governing body who was appointed for his qualifications, which the Company believes to be unreasonable.*

2.2. Those who make the decisions regarding the appointment of directors or the supervisory board members should ensure the diversity of those governing bodies by selecting such members who allow the company to achieve a minimum minority share of at least 30%, in accordance with the objectives defined in the diversity policy referred to in principle 2.1.

Commentary of the Company: *The principle is not applied with regard to the minimum minority share of at least 30%. Supervisory Board Members are appointed by the General Meeting and Directors are appointed by the Supervisory Board. The governing bodies rely in their appointments on the qualifications of the candidates, such as education specialty, expertise and professional experience. The age and gender of the candidate (as well as being a part of the minorities or majorities) are not considered a factor for the Company's governing bodies.*

2.11.6. information on the extent of compliance with the diversity policy for the board of directors and the supervisory board, and on the achievement of the objectives referred to in principle 2.1.

Commentary of the Company: *Since the Company does not apply principle 2.1, this principle is not applied either.*

3.5. The individuals in charge of risk management and compliance answer directly to the CEO or another director.

Commentary of the Company: *The principle is not applied since the Company structure does not include a job role in charge of risk management, internal audit and compliance.*

4.1. The Company should make it possible to the shareholders to participate in the general meeting using means of electronic communication (e-general meeting) if this is justified considering the expectations of the shareholders reported to the company, provided that the company is able to provide the technical infrastructure required to hold such a general meeting.

Commentary of the Company: *The principle is not applied. There is no reason to implement this principle because there are no reported expectations of the shareholders.*

4.3. The company provides generally available real-time broadcasting of the general meeting.

Commentary of the Company: *The Company does not provide generally available real-time broadcasting of the General Meeting because this would reveal the image of the General Meeting participants, who are not public figures. Given that, publication of the image of such individuals could result in BoomBit being accused of unauthorised image use. Furthermore, the implementation of this principle is not reflected in the expectations of the shareholders.*

4.8 Draft resolutions of the general meeting for the matters on the agenda of the general meeting should be submitted by the shareholders not later than 3 days before the general meeting

Commentary of the Company: *Pursuant to Article 401(5) of the Companies Code, which does not limit the rights of the shareholders as regards submitting draft resolutions regarding the matters on the agenda, the Company does not implement any additional restrictive measures in its corporate documents to limit that right. The Company does not want to limit the shareholders' right to propose draft resolutions at any time, also during a General Meeting. Furthermore, the Company does not have any legal instruments which would allow it to successfully enforce such a practice from the shareholders.*

6.1. Salaries of the directors, the Supervisory Board Members and the key management should be enough to find, retain and motivate people with the qualifications required to properly manage and supervise the company. The salary should account for the tasks and obligations performed by specific individuals and the related responsibility.

Commentary of the Company: *The Company did not adopt any separate document to address this principle. The Company believes that the Remuneration Policy for the Board of Directors and the Supervisory Board adopted by the General Meeting on 27/08/2020 reflects the size of the business and the structure of the Company. The Company believes that the salaries of the Directors, the Supervisory Board Member and the key management is sufficient to*

find, retain and motivate people with the qualifications required to properly manage and supervise the Company and that should account for the tasks and obligations performed by specific individuals and the related responsibility.

6.3. If a management option scheme is one of the company's incentive schemes, the execution of the option scheme should be contingent on the beneficiary's compliance, over a period of at least 3 years, with certain predefined, realistic financial, non-financial and sustainability objectives, matching the company's objectives, while the established purchasing price for which the beneficiaries are to buy shares or settle the options cannot differ from the value of the shares from the period when the scheme was adopted.

The principle is not applied.

Commentary of the Company: *Considering the guidelines of the Corporate Governance Committee on the application of Best Practice of GPW Listed Companies 2021 with regard to principle 6.3, the Company has decided not to apply this principle because of the requirement to use the condition that the price for taking up the shares offered under the scheme must not be lower than 90% of the market price of the shares, established as the arithmetic mean of the closing prices from the period months before the moment of establishing the incentive plan.*

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-Olejarz – 1,000,000 Shares;
- 4) Mr Marcin Olejarz – 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-Olejarz and Marcin Olejarz 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 Olejarz and the shareholder Marcin Olejarz 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 assets 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 <https://investors.boombit.com/lad-korporacyjny/dokumenty/>.

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-fourths 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, or in their absence by one of the Supervisory Board Members, or 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

On 31 December 2021 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.

On 31 December 2021 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 composition of the Supervisory Board did not change during the reporting period and by the date of this report.

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

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 are based on the applicable laws and the Articles of Association. Detailed rules of the 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 member. 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 27.08.2020).

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, or 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 with a Master of Business Administration course in cooperation with the London Business School, where he learned the rules of financial accounting, management accounting 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 (IAS);

- 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.

BoomBit S.A. was the recipient of authorised non-audit services provided by the company auditing the financial statements of BoomBit S.A. (i.e. audit of salaries statement and, in 2022, audit of compliance of the markings on consolidated financial statements prepared according to the single electronic format with the requirements of the technical standards regarding the specification of the single electronic format).

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 2021. In 2022, the Audit Committee has met twice until the date of this report.




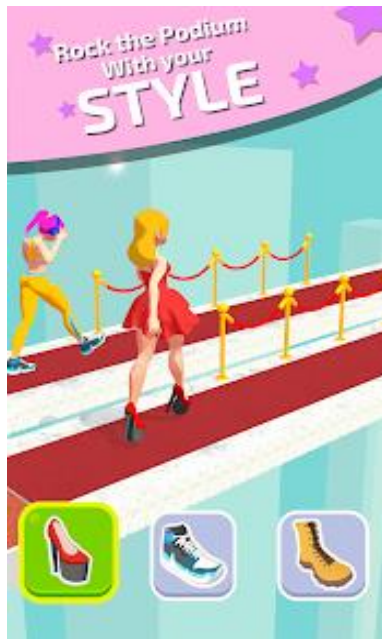
15 Major pending litigations

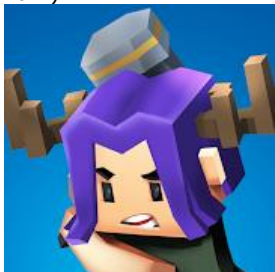



On 14 December 2020, the Company filed for an order to pay overdue amounts of EUR 214,000 (plus interest) against the Finnish contractor to the District Court in Pirkanmaa ("Court"). On 08 February 2021, the Court entered a default judgment for the Company and obligated the business partner to pay the debt. The judgment is not final but the business partner did not question the grounds for the payment, which made it possible to initiate debt collection actions against the business partner, which were commenced in April 2021. On 17 June 2021, the business partner appealed against the decision of the Court (application for recovery). Until the appeal is reviewed by the Court, the enforcement actions have been suspended. In response to the appeal, the Company prepared an answer on 23 August 2021 where it presented the facts and pointed out that the appeal was filed past deadline, which was 10 May 2021. The proceedings before the Court have not ended by the date of this report.

On 27 October 2021, the subsidiary TapNice Sp. z o.o. filed an application to the Head of the Third Tax authority in Gdańsk to confirm and return an overpayment of PLN 1.1 million arising from the corporate income tax settlements of TapNice Sp. z o.o. for 2020 in connection with the application by the company of the provisions of the Polish Corporate Income Tax Act of 15 February 1992, which provide for a preferential tax rate of 5% for income received from qualifying intellectual property rights ("IP box"). The tax authority has not issued a decision on this matter by the date of these financial statements. 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 subsidiaries.





16 Information about the basic products





In 2021 and by the date of this report, the Group released a total of 36 games on iOS and Android – of which 33 are hyper-casual games and 3 are mid-core games – and 28 games in the Premium model on Nintendo Switch. The most important games are presented in the table below.

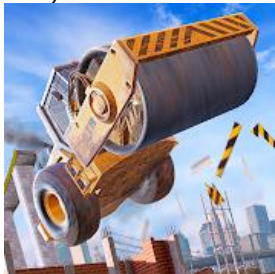

Name of the game	Description	Images
Base Jump Wing Suit Flying (released on 26 January 2021) 	Hyper-casual <p>An extreme sport for the bravest ones! The player is a jumper flying above various locations in a special costume. Due to the intuitive controls, anyone can try it!</p> <p>Main source of revenue: advertisements</p>	
Shoe Race (released on 15 March 2021) 	Hyper-casual <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>Main source of revenue: advertisements</p>	

<p>Hunt Royale (released on 25 March 2021)</p> 	<p>Genre Battle Royale/MOBA</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>Main source of revenue: micropayments</p>	
<p>Make It Fly (released on 26 April 2021)</p> 	<p>Hyper-casual</p> <p>Something for creative aviation enthusiasts. A game about engineering imaginative flying machines and checking how they do in the air. The player uses the available parts to assemble their own aircraft to succeed in various scenarios. With the intuitive interface and variety of possibilities, you can let your creativity run wild!</p> <p>Main source of revenue: advertisements</p>	

<p>Idle Inventor - Factory Tycoon (released on 29 April 2021)</p> 	<p>Idle Clicker</p> <p>An original idle game and the end result of over a year of work of a developer team. The player builds various kinds of factories which manufacture a variety of vehicles – cars, aircraft, military equipment and even space ships! With the carefully designed entertainment balance, the fun never ends!</p> <p>Main source of revenue: advertisements</p>	
<p>Superhero Race! (released on 20 May 2021)</p> 	<p>Hyper-casual</p> <p>A superhero variant of the incredibly popular "Shoe Race." The player watches the struggles of superheroes and helps them pick the right powers to tackle the challenge. The games offer a simple, engaging gameplay attractive not just to fans of superhero movies.</p> <p>Main source of revenue: advertisements</p>	

<p>Bike Jumping (released on 18 May 2021)</p> 	<p>Hyper-casual</p> <p>A game about incredible aerial stunts on a motorbike. It includes scores for acrobatic tricks and various vehicles to choose from – even a sledge! The most important thing is good fun with a little bit of madness!</p> <p>Main source of revenue: advertisements</p>	
<p>Super Hero Flying School (released on 6 July 2021)</p> 	<p>Hyper-casual</p> <p>Every hero once was... a beginner hero. And each one had to learn to fly at some point. Now every player can experience that feeling! In this production, the player becomes various heroes practising their skills in diverse locations.</p> <p>Main source of revenue: advertisements</p>	


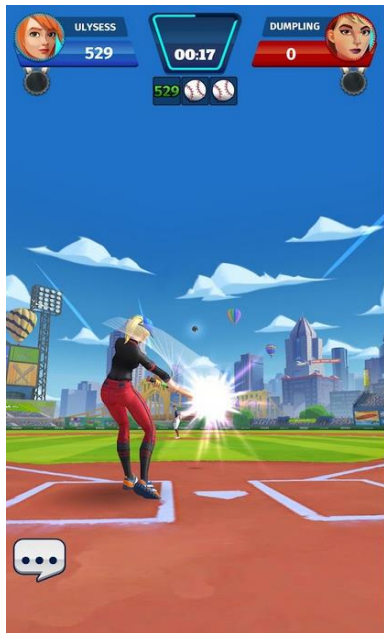
<p>Crazy Plane Landing (released on 21 July)</p> 	<p>Hyper-casual</p> <p>A game for enthusiasts of acrobatic tricks. Aerial stunts where landing, although mentioned in the title, is entirely optional. What is not optional is destruction and great fun. The game will gain more levels in the future.</p> <p>Main source of revenue: advertisements</p>	
<p>Kiss in Public (released on 16 August 2021)</p> 	<p>Hyper-casual</p> <p>A game about teenagers and their public displays of affection. The player must kiss another person without being seen by the bystanders. An innocent and funny production with sweet and unpretentious charm.</p> <p>Main source of revenue: advertisements</p>	

<p>Construction Ramp Jumping (released on 30 August 2021)</p> 	<p>Hyper-casual</p> <p>Uncontrolled destruction caused by heavy machines straight from construction sites. With this game, the players can experience the feeling of throwing a steamroller into a building, and this is just the beginning. They tackle plenty of equally crazy challenges, keeping them at the screen for a long time.</p> <p>Main source of revenue: advertisements</p>	
<p>Fight Pose (released on 1 September 2021)</p> 	<p>Hyper-casual</p> <p>Fight Pose is a combination of a fight and a logic game. The task of the player is to position the character for a fight to defeat the opponent. If the player is the first one to hit the opponent with a weapon, they win.</p> <p>Main source of revenue: advertisements</p>	

<p>Hyper Cards (released on 13 September 2021)</p> 	<p>Hyper-casual</p> <p>A collector's card game where the act of collecting comes first. Opening the parcels, collecting the rarest specimens, exchanging them to have the entire collection – the game has everything to be engrossing and engaging!</p> <p>Main source of revenue: advertisements</p>	
<p>Jump into the Plane (released on 7 September 2021)</p> 	<p>Hyper-casual</p> <p>Car stuntman game with an inventive concept. The player performs aerial stunts in a car while trying to jump with the car on board a flying plane. Crazy entertainment full of suspense, perfect for both brief sessions and longer sittings!</p> <p>Main source of revenue: advertisements</p>	

<p>High School Popular Girls (released on 12 September 2021)</p> 	<p>Hyper-casual</p> <p>A narrative game about the challenges and difficulties of moving and starting a new school. This inconspicuous story gains momentum, turning into an adventure full of twists and surprises.</p> <p>Main source of revenue: advertisements</p>	
<p>Hyper Touchdown 3D (released on 17 September 2021)</p> 	<p>Hyper-casual</p> <p>An engrossing game for American football fans. The game focuses on the most spectacular elements of this sport. The task is to pick a football player and lead them to sports glory. As rivals are unblocked and as the player moves up in the rankings, new rewards are unlocked.</p> <p>Main source of revenue: advertisements</p>	

<p>Hyper Knight (released on 3 December 2021)</p> 	<p>Hyper-casual</p> <p>A quick and dynamic RPG with arcade mechanics. Becoming a knight saving the world, ready to fight hordes of mysterious monsters, has never been so easy! During the gameplay, the place gains more and more powerful equipment and skills.</p> <p>Main source of revenue: advertisements</p>	
<p>Dog Life Simulator (released on 28 February 2022)</p> 	<p>Hyper-casual</p> <p>Something for animal lovers. Unlike other similar productions, Dog Life Simulator is not just about taking care of a virtual dog – it is about becoming it. A player makes a number of decisions to shape the life of their pet.</p> <p>Main source of revenue: advertisements</p>	

<p>Baseball Club (released on 3 March 2022)</p> 	<p>Mid-core</p> <p>An online sports game focusing on the essence of what is the most exciting in baseball. A player competes with baseball players from all over the world and changes roles between the pitcher and the batter, trying to hit as many balls as he can while making this as hard as possible for the opponent to catch. In subsequent gameplays, the player unlocks new objects to become an even greater challenge for others!</p> <p>Main source of revenue: micropayments and advertisements</p>	
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Out of the product portfolio of the BoomBit Group, the Group's performance in 2021 was influenced the most by hyper-casual games, which accounted for about PLN 157.0 million of the Group's total revenue (about 65%). The most profitable hyper-casual games were Slingshot Stunt Driver and Bike Jump, which accounted for PLN 23.8 million and PLN 17.1 million of revenue respectively. The total of User Acquisition and revshare expenses and the costs of distribution platforms' commissions was about PLN 110.2 million.

Mid-core games brought a total revenue of PLN 67.1 million (about 28%), including Hunt Royale PLN 42.1 million and Darts Club PLN 14.9 million. The total of User Acquisition and revshare expenses and the costs of distribution platforms' commissions was about PLN 51.6 million.

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 13.1 million, with costs of User Acquisition, revshare and platform commissions around PLN 4.9 million.

The games ported to Nintendo Switch made a total PLN 3.3 million in 2021, which means a double increase versus 2020 (about PLN 1.7 million). The platform commission costs and revshare costs in 2021 totalled about PLN 1.4 million (versus about PLN 0.7 million).

2022 development pipeline

In accordance with the revised strategy presented in section 11 of this report and in current report ESPI 4/2022, the Group plans to focus on development and publishing of hyper-casual and mid-core games in the next periods, both its own and made by third-party developers.

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 Group is additionally planning to develop its competencies in the area of Play-to-Earn games.

17 Information on the markets for the Group's products

The information on markets for the Group's products is presented in Note 11 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 AppNava report "2021 Global & Mobile Game Industry Report with AppNava," the global value of the games market in 2021 was USD 175.8 billion. The largest market segment is mobile games, which generated a revenue of USD 906 billion in 2021, which was over 51% of the whole gaming market (versus the USD 77.2 billion last year). The biggest geographic market in the game industry, just as in the previous year, is Asia & Pacific, which generated USD 88.2 billion in 2021, accounting for 50% value of the whole game market. The second biggest market was North America, with USD 42.6 billion, which accounts for 24% of the value of the market).

The gaming industry has recently taken a growing interest in the blockchain technology through use of cryptocurrencies and NFTs (non-fungible tokens) and the introduction of the Play-to-Earn model to games.

In the report "State of Mobile 2022," Data.ai estimates that global advertising expenses in the mobile sector were about USD 295 billion in 2021 (a growth of 26% YoY) and expects the value may be USD 350 billion in 2022.

19 Information about major contracts

Neither the Company nor any of its subsidiaries signed any major contract outside normal course of business in 2021.

20 Disclosure of 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 S.A.. (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. S.A. 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. S.A. (see the description of events after the balances sheet date in section 4 of this report). On 22 December 2021, TapNice Sp z o.o. was re-registered as TapNice S.A.

TapNice Sp. S.A. 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 par 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. Starting from 2022, the company acts as a shared services centre for the Group in terms of bookkeeping, HR and payroll.

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 par value 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 computer games.

PlayEmber Sp. z o.o.

As at the date of this report, the subsidiary ADC Games sp. z o.o. holds 100% of shares in the share capital of PlayEmber Sp. z o.o. in Gdańsk, i.e. 100 (one hundred) shares of the total par value PLN 5,000, which authorises it to exercise 100% of the voting rights at the general meeting of PlayEmber Sp. z o.o.

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

Skyloft Sp. z o.o.

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

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

BoomPick Games Sp. z o.o.

As at the date of this report, the Company holds 60% of shares in the share capital of BoomPick Games Sp. z o.o. in Gdynia, i.e. 60 (sixty) shares of a total nominal value PLN par value 3,000, which authorises it to exercise 60% of the voting rights at the general meeting of BoomPick Games Sp. z o.o.

BoomPick Games Sp. z o.o. runs a business connected with development and publishing of 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.

As at the date of this report, the Company holds 13.9% of shares in the share capital of MoonDrip Sp. z o.o. in Warsaw, i.e. 238 (two hundred and thirty-eight) shares of a total nominal value PLN 11,900 (eleven thousand nine hundred zloty).

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

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

22 Information on credit facility and loan agreements

On 30 December 2021, the Company signed an overdraft facility agreement with a limit of PLN 2,100,000. The repayment deadline is 30 December 2022. 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 24 of the standalone financial statements and in Note 26 of the consolidated financial statements.

24 Information on suretyships and guarantees granted and received by BoomBit

The Company did not grant any suretyships or guarantees in the financial year 2021 and until the date of this report.

As at the balance sheet date, the Group had a contingent asset related to securing the trade receivables from a foreign business partner ("business partner"), which is described in Note 19 of the standalone and Note 21 of the consolidated financial statements.

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

The Company does not prepare projections of results.

26 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.

27 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 near foreseeable future.

In 2021, the Company incurred capital expenditures by creating, or taking up interest in – joint ventures with – game development studios. In accordance with the current strategy, the Group intends to continue capital expenditures by creating joint ventures and using its cash for that purpose. Disclosures of capital ties (including the Group's investment in joint ventures) are presented in section 20 "Disclosure of organisational or capital ties."

28 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:

- recognition – in 'Other operating revenue' – of the received Guaranteed Minimum of USD 500,000 (PLN 2 million) regarding a publishing contract which was not fully performed,
- valuation of the call option for Level-Up First S.à.r.l. for purchase of 112 SuperScale shares from the Company 2021 at PLN 476,000.

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

- recognition of impairment losses on receivables and loans granted in connection with analysis of the expected credit losses as required by the IFRS 9, for a total amount of PLN 2.7 million.

29 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.

30 Disclosures regarding staff issues and the natural environment

The Group had a total of 246 employees and permanent contractors on 31 December 2021 (versus the 203 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.

31 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 2021.

32 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.

33 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 29 of the standalone financial statements and Note 32 of the consolidated financial statements.

34 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 2021 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.

35 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 2021 and as at the date of this report is presented in Note 22 of the standalone financial statements and Note 24 of the consolidated financial statements.

As at 31 December 2021 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.

36 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

On 24 March 2022, the Company received a statement from Katherine Nam Chimowitz ("Shareholder") that she was taking up 80,000 F class ordinary registered shares as a result of exercising the rights under the class C subscription warrants issued based on Resolution 6 of the Extraordinary General Meeting of the Company of 21 February 2019 on conditional share capital increase with excluded pre-emptive rights of the existing shareholders in connection with issue of class F ordinary registered shares, issue of class C registered subscription warrants with excluded pre-emptive rights of the existing shareholders and on amendment of the Articles of Association.

On 12 April 2022, the shares were recorded in the Shareholder's securities account. This increased the Company's share capital by PLN 40,000.

Disclosures regarding the incentive schemes in the Group are presented in section 5 "Growth prospects for the activity of the Group in the current financial year" and in section 37 "Monitoring system for employee share schemes."

37 Monitoring system for employee share schemes

On 21 April 2022, the Extraordinary General Meeting of the Company adopted resolutions on:

- a) an incentive scheme for the Company's Directors,
- b) conditional increase of the Company's share capital with the pre-emptive rights of the existing shareholders excluded in their entirety in connection with issue of class G ordinary bearer shares on issue of class D subscription warrants with the pre-emptive rights of the existing shareholders excluded in their entirety, and on amendment of the Company's Articles of Association,
- c) and incentive scheme for the employees and contractors of the Company and the BoomBit Group's companies and on conditional increase of the Company's share capital with the pre-emptive rights of the existing shareholders excluded in their entirety in connection with issue of class H ordinary bearer shares on issue of class E subscription warrants with the pre-emptive rights of the existing shareholders excluded in their entirety, and on amendment of the Company's Articles of Association.

Disclosures regarding the incentive schemes in the Group are presented in section 5 "Growth prospects for the activity of the Group in the current financial year". The full text of the incentive scheme is available in the appendix to the current report ESPI 13/2022 of 21 April 2022.

Detailed Terms & Conditions of the schemes were approved by the shareholders in resolutions. The implementation of the schemes is supervised directly by the Supervisory Board and the Board of Directors of the Issuer.

38 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 2021.

38.1 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 5 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.

38.2 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 and audit of the salaries report in the current reporting period.

38.3 Governing body that appointed the auditing firm

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

38.4 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 31 of the standalone financial statements and in Note 33 of the consolidated financial statements.

39 Expenses incurred by the Company and the Group to support culture, sport, charitable institutions, media, social organisations, trade unions, etc.

The Company did not incur such expenses in 2021.

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.

Marcin Olejarz
CEO

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

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.

Marcin Olejarz
CEO

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

Marek Pertkiewicz
Director