

BOOMBIT



BOOMBIT S.A. GROUP COMPLETE CONSOLIDATED SEMI-ANNUAL REPORT

for the 6 months ended 30 June 2022

GDAŃSK, 26 SEPTEMBER 2022

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I. LETTER FROM THE CEO

Dear Shareholders and Investors,

I hereby present the consolidated semi-annual report summarising the performance and the most important disclosures regarding the activity of the BoomBit S.A. Company and Group in the 1st half of 2022.

Major highlights from the first 6 months of this year are: the record revenue from games, consistent portfolio development and new initiatives, which we are highly involved in, and which are intended as a major future addition to the business of the BoomBit Group.

The BoomBit Group recorded a revenue of over PLN 148 million, which was 30% up versus the analogical period in the previous year. The second quarter, with a revenue of almost PLN 82 million, was the best quarter in the history of the Group. This growth was driven mainly by Mid-Core games as their revenue was up by over 100%. The two main games from this segment, i.e. *Hunt Royale* and *Darts Club*, were the best titles in the first half of 2022, jointly accounting for a revenue of almost PLN 51 million. The revenue from Hyper-Casual games was similar to last year's figures and it accounted for 55% of all the revenue of the BoomBit Group. This year's additions to our portfolio include such titles as *Dog Life Simulator*, *Cargo Parking*, *Hyper Survive 3D* and *Try to Fly*, while *Crazy Plane Landing* and *Car Driving School Simulator*, i.e. games released in the previous years, are still among the most profitable titles. We have more Mid-Core, Casual and Hyper-Casual games in the pipeline, and we keep working on updates and marketing for those games from our current portfolio which still have a potential to bring profit.

The financial ratios I would like to mention are: EBITDA, which was PLN 11.8 million versus PLN 18.4 in the analogical period of 2021; and net profit adjusted by one-time events, which was PLN 5.0 million, i.e. down from the PLN 9.8 million in the previous year. However, both of these items from the profit and loss account must be approached from the perspective of the intense activities and expenses connected with the new segment of our activity, i.e. Play and Earn, which were charged to the profit/loss for the 1st half in the amount of approximately PLN 3.0 million. We currently run two independent projects which are handled by our special-purpose vehicles located in the United Arab Emirates. We consider them as highly promising since we are convinced that blockchain will be a major element of the gaming industry in the future.

I should also mention BoomPick, a new Joint Venture founded with our partner on the Merge projects – the Polish studio Cherrypick Games. The first release from this partnership is expected later this year.

Our financial standing is very good as we generate positive cash flows and the cash balance is growing – it was approximately PLN 39 million at the end of June. This allowed us to pay a total dividend of PLN 10.7 million in July, which was 86% of our standalone profit for 2021.

We intend to continue to grow the BoomBit Group. We approach the development of our business as a long-term process and, due to our good financial standing, we may invest in new areas of activity, such as BoomPick or Play and Earn, to further diversify the business and add more prospective initiatives.

The full report is presented below.

Yours faithfully,
Marcin Olejarz
CEO of BoomBit S.A.

II. SELECTED FINANCIAL DATA FOR THE CONSOLIDATED FINANCIAL STATEMENTS OF THE BOOMBIT S.A. GROUP FOR THE PERIOD ENDED 30 JUNE 2022

Selected consolidated financial data

	6 months ended		6 months ended	
	2022	2021	2022	2021
	PLN '000		EUR '000	
	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>
Revenue on sales of services	148,068	113,571	31,893	24,976
Cost of sales	(136,317)	(96,910)	(29,362)	(21,312)
Gross profit on sales	11,751	16,661	2,531	3,664
Operating profit/loss	5,391	11,971	1,161	2,633
Profit/loss before tax	4,553	11,520	981	2,533
Net profit/loss	4,230	9,410	911	2,069
Total comprehensive income	3,720	10,025	801	2,205
Total comprehensive income				
- attributable to shareholders of the parent	4,000	6,842	862	1,505
- attributable to minority interest	(280)	3,183	(60)	700
Profit/loss per share (in PLN/EUR) (basic)	0.34	0.46	0.07	0.10
Profit/loss per share (in PLN/EUR) (diluted)	0.33	0.46	0.07	0.10
Net cash flows from operating activity	11,401	15,014	2,456	3,302
Net cash flows from investment activity	(6,752)	(7,261)	(1,454)	(1,597)
Net cash flows from financial activity	1,110	(25)	239	(5)
Cash flows before exchange differences	5,759	7,728	1,240	1,700
Total net cash flows	5,698	7,596	1,227	1,670
	30 June	31 December	30 June	31 December
	2022	2021	2022	2021
	PLN '000		EUR '000	
	<i>(unaudited)</i>	<i>(audited)</i>	<i>(unaudited)</i>	<i>(audited)</i>
Tangible assets	46,093	47,777	9,848	10,388
Current assets	88,206	71,853	18,845	15,622
Total assets	134,299	119,630	28,693	26,010
Equity attributable to shareholders of the parent	73,284	75,865	15,657	16,495
Equity attributable to minority interest	2,928	3,206	626	697
Total equity	76,212	79,071	16,283	17,192
Long-term liabilities	2,356	2,979	503	648
Short-term liabilities	55,731	37,580	11,907	8,171
Total liabilities	58,087	40,559	12,410	8,818
Total equity and liabilities	134,299	119,630	28,693	26,010

III. CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS OF THE BOOMBIT S.A. GROUP FOR THE 6 MONTHS ENDED 30 JUNE 2022

Condensed consolidated interim statement of comprehensive income

	Note	6 months ended		3 months ended	
		30 June		30 June	
		2022	2021	2022	2021
		(unaudited)	(unaudited)	(unaudited)	(unaudited)
Revenue on sales of services	8	148,068	113,571	81,915	70,677
Cost of sales	9	(136,317)	(96,910)	(75,392)	(60,554)
Gross profit on sales		11,751	16,661	6,523	10,123
General administrative costs	9	(8,102)	(4,817)	(4,974)	(2,425)
Other operating revenue		1,816	129	980	(696)
Other operating costs		(74)	(2)	(18)	(1)
Operating profit/loss		5,391	11,971	2,511	7,001
Financial revenue		219	41	196	25
Financial costs		(1,057)	(492)	(1,055)	(485)
Profit/loss before tax		4,553	11,520	1,652	6,541
Income tax	10	(323)	(2,110)	305	(1,013)
Net profit/loss		4,230	9,410	1,957	5,528
Other comprehensive income					
Items that may be reclassified to profit/loss in the future:					
Exchange differences		(510)	615	(214)	(531)
Total comprehensive income		3,720	10,025	1,743	4,997
- attributable to shareholders of the parent		4,000	6,842	2,056	2,860
- attributable to minority interest		(280)	3,183	(313)	2,137
Net profit/loss					
- attributable to shareholders of the parent		4,510	6,227	2,270	3,391
- attributable to minority interest		(280)	3,183	(313)	2,137
Profit/loss per share attributable to shareholders of the parent during the period (expressed as PLN per share)					
Basic	15	0.34	0.46	0.17	0.25
on continued operations		0.34	0.46	0.17	0.25
on discontinued operations		-	-	-	-
Diluted	15	0.33	0.46	0.17	0.25
on continued operations		0.33	0.46	0.17	0.25
on discontinued operations		-	-	-	-

Condensed consolidated interim statement of financial position

		30 June	31 December
		2022	2021
	Note	(unaudited)	(audited)
Tangible assets			
Property, plant and equipment		1,674	1,338
Development costs	11	20,556	18,934
Goodwill	12	16,099	16,230
Shares		3,509	6,483
Other financial assets	13	2,314	3,303
Deferred income tax asset		1,941	1,489
		46,093	47,777
Current assets			
Trade and other receivables	17	47,351	38,548
Income tax receivables		2	10
Cryptographic assets	13	778	-
Other financial assets	17	1,082	-
Cash and cash equivalents		38,993	33,295
Current assets other than tangible assets held for sale		88,206	71,853
Assets held for sale		-	-
Current assets		88,206	71,853
Total assets		134,299	119,630
Equity			
Equity attributable to shareholders of the parent			
Share capital	14	6,750	6,710
Capital from share premium		32,063	32,063
Exchange differences on translation of foreign operations		2,380	2,890
Equity from share-based payments	21	4,612	3,788
Retained earnings		27,479	30,414
		73,284	75,865
Equity attributable to minority interest		2,928	3,206
Total equity		76,212	79,071
Liabilities			
Long-term liabilities			
Deferred income tax liabilities		2,251	2,933
Other financial liabilities	17	105	46
		2,356	2,979
Short-term liabilities			
Other financial liabilities	17	1,442	576
Trade and other liabilities	17	51,575	34,376
Income tax liabilities		2,714	2,628
Short-term liabilities not held for sale		55,731	37,580
Short-term liabilities held for sale		-	-
Short-term liabilities		55,731	37,580
Total liabilities		58,087	40,559
Total equity and liabilities		134,299	119,630

Condensed consolidated interim statement of changes in equity

	Note	Share capital	Capital from share premium	Exchange differences on translation	Equity from share-based payments	Retained earnings	Equity attributable to shareholders of the parent	Equity attributable to minority interest	Total equity
As at 1 January 2022 (audited)		6,710	32,063	2,890	3,788	30,414	75,865	3,206	79,071
Net profit (loss)		-	-	-	-	4,510	4,510	(280)	4,230
Other comprehensive income		-	-	(510)	-	-	(510)	-	(510)
Comprehensive income		-	-	(510)	-	4,510	4,000	(280)	3,720
Capital increase		40	-	-	-	-	40	-	40
Increase (reduction) arising from acquisition of a subsidiary		-	-	-	-	(1)	(1)	2	1
Disbursements to owners	16	-	-	-	-	(7,444)	(7,444)	-	(7,444)
Share-based payments	21	-	-	-	824	-	824	-	824
Changes in equity		40	-	(510)	824	(2,935)	(2,581)	(278)	(2,859)
As at 30 June 2022 (unaudited)		6,750	32,063	2380	4,612	27,479	73,284	2,928	76,212

	Note	Share capital	Capital from share premium	Exchange differences on translation	Equity from share-based payments	Retained earnings	Equity attributable to shareholders of the parent	Equity attributable to minority interest	Total equity
As at 1 January 2021 (audited)		6,710	32,063	1,433	3,247	21,311	64,764	2,058	66,822
Net profit (loss)		-	-	-	-	6,227	6,227	3,183	9,410
Other comprehensive income		-	-	297	-	-	297	-	297
Comprehensive income		-	-	297	-	6,227	6,524	3,183	9,707
Increase (reduction) arising from sale of a subsidiary		-	-	-	-	(682)	(682)	686	4
Disbursements to owners		-	-	-	-	-	-	(2,610)	(2,610)
Share-based payments	21	-	-	-	429	-	429	-	429
Changes in equity		-	-	297	429	5,545	6,271	1,259	7,530
As at 30 June 2021 (unaudited)		6,710	32,063	1,730	3,676	26,856	71,035	3,317	74,352

Condensed consolidated interim cash flow statement

		6 months ended	
		30 June	
Note		2022	2021
		(unaudited)	(unaudited)
	Profit/loss before tax	4,553	11,520
	Adjustments:	8,167	5,427
	Depreciation and amortisation	6,375	6,451
	Foreign exchange profit (loss)	(386)	(12)
	Interest revenue	(55)	-
	Interest cost	7	32
	Profit (loss) on investment activities	5	4
	Change in the balance of receivables	(8,803)	(18,195)
	Change in liabilities, except for loans and borrowings	10,079	16,439
	Settlement of share-based payment costs	824	708
	Change in cryptographic assets	(778)	-
	Profit (loss) from fair value measurement	899	-
	Operating net cash flow	12,720	16,947
	Income tax (paid) / refunded	(1,319)	(1,933)
	Net cash flows from operating activity	11,401	15,014
	Investment activity		
	Sale of property, plant and equipment and intangible assets	1	5
	Sale of shares	1,593	-
	Acquisition of subsidiaries	1	(1)
	Acquisition of property, plant and equipment and intangible assets	(598)	(233)
	Development costs	(7,749)	(4,422)
	Net cash flows from investment activity	(6,752)	(4,651)
	Financial activity		
	Capital increase	40	-
	Proceeds from loans and borrowings	981	30
	Proceeds from lease	189	-
	Dividends	-	(2,610)
	Repayment of lease liabilities	(93)	(51)
	Interest	(7)	(4)
	Net cash flows from financial activity	1,110	(2,635)
	Cash flows before exchange differences	5,759	7,728
	Net foreign exchange differences on cash and cash equivalents	(61)	(132)
	Total net cash flows	5,698	7,596
	Cash opening balance	33,295	20,748
	Cash closing balance, including:	38,993	28,344
	- of limited disposability	-	-

1 General information about the BoomBit S.A. Group and its parent

The BoomBit S.A. Group ("Group") consists of the company BoomBit S.A. ("Company," "parent"), which is the parent of the Group and its subsidiaries (see Note 2). The consolidated condensed interim financial statements of BoomBit S.A. cover the 6 months ended 30 June 2022 and contain relevant benchmarking data.

Business name:	BoomBit
Legal form:	Joint stock company under Polish law
Registered office:	Gdansk, ul. Zacna 2
Country of registration:	Poland
Core activity:	Publishing of computer games
Registration entity, KRS number (number in Polish register of companies) and registration date:	Gdańsk-Północ District Court in Gdańsk, 7th Commercial Division of the National Court Register; KRS number 0000740933, registered on 23 July 2018
REGON (Polish statistical business number) and date assigned:	REGON 221062100; assigned on 14 August 2010

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.

As at the balance sheet date and as at the date of these consolidated financial statements, 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 as at the date of these financial statements.

On the balance sheet date 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 as at the date of these financial statements.

2 Group structure

These interim condensed financial statements cover data of the entities presented in the following table:

Name of the Company	Registered office	Objects of business	Capital tie description/consolidation method	% of ownership and voting rights	Control/Co-control start date
BoomBit S.A.	Gdańsk, Poland	development and publishing of computer games	parent	not applicable	not applicable
BoomBit Games Ltd.	London, United Kingdom	publishing of computer games	subsidiary/full	100%	28 February 2018
BoomBit Inc.	Las Vegas, USA	publishing of computer games	subsidiary/full	100% - through BoomBit Games	28 February 2018
Play With Games Ltd.	London, United Kingdom	publishing of computer games	subsidiary/full	100%	30 March 2018
PixelMob Sp. z o.o.	Gdańsk, Poland	publishing of computer games	subsidiary/full	100%	28 February 2018
TapNice S.A..	Gdańsk, Poland	development and publishing of computer games	subsidiary/full	60%	16 October 2018
BoomHits Sp. z o.o.	Gdańsk, Poland	development and publishing of computer games	subsidiary/full	100%	16 October 2018
MoonDrip Sp. z o.o.	Gdańsk, Poland	development and publishing of computer games	joint venture/equity method	50%	22 June 2018
Mindsense Games Sp. z o.o.*	Gdańsk, Poland	publishing of computer games	subsidiary/full	100%	28 February 2018
ADC Games Sp. z o.o.	Gdańsk, Poland	development and publishing of computer games	subsidiary/full	50%	23 February 2021
Maisly Games Sp. z o.o.	Gdańsk, Poland	development and publishing of computer games	subsidiary/full	100%	28 May 2021
SkyLoft Sp. z o.o.	Gdynia, Poland	development and publishing of computer games	subsidiary/full	50% - through BoomHits	24 August 2021
PlayEmber Sp. z o.o.	Gdańsk, Poland	publishing of computer games	subsidiary/full	50% - through ADC Games	06 September 2021
BoomPick Sp. z o.o. (former PlayHolding Sp. z o.o.)	Gdynia, Poland	development and publishing of computer games	subsidiary/full	60%	21 February 2022
BoomLand FZ-LLC	Rakez, United Arab Emirates	blockchain-based projects	subsidiary/full	0%	06 May 2022
PlayEmber FZ-LLC	Rakez, United Arab Emirates	blockchain-based projects	subsidiary/full	0%	17 June 2022

* Starting from 2022, the Company acts as a shared services centre for the Company in terms of bookkeeping and HR & payroll.

- On 21 February 2022, the Company acquired 100 shares of PlayHolding Sp. z o.o. ("PlayHolding") for PLN 7,500. PLN On the same day the Company signed an Investment Contract with CherryPick Games S.A. ("CherryPick") and a contract for sale of 40 shares to CherryPick for a total of PLN 3,000. PLN As a result, the Company has 60 shares in PlayHolding, which is 60% of its share capital. On 6 April 2022, PlayHolding Sp. z o.o. was re-registered as BoomPick Sp. z o.o. The company is engaged in the business of creating and publishing Casual games, especially of the Merge and Simulator types.

- BoomLand FZ-LLC was founded on 06 May 2022. The company was incorporated under the laws of the United Arab Emirates. Anibal Jose Da Cunha Saraiva Soares, the Vice-President of the Company, is the only shareholder of BoomLand FZ-LLC. The purpose of the company is to run a blockchain-based project.

On 30 June 2022, the Company signed an investment contract with the Vice-President ("Investment Contract") to define the terms of creating an entity (or group of entities forming a part of the organisational structure) under the laws of the United Arab Emirates (or any other jurisdiction agreed between the parties), who will act in the area of tokenisation, block-chain based games and the NFT ("Entity"). According to the contractual arrangements, the Company will cover the Entity incorporation and functioning costs and intends to become the only shareholder thereof on the terms set forth in the contract. The Company has a right to acquire 100% of shares in the Entity's share capital from the Vice-President of the Board of Directors for the price of the share capital paid plus USD 100. The offer to sell 100% of the Entity's shares to the Company is irrevocable, unconditional and unqualified. Within the 18 months following the conclusion of the investment Contract, the Company will be able to accept or reject the offer to acquire 100% of the Entity's shares. Any important actions regarding the Entity shall be taken in coordination with and with permission from the Company.

- PlayEmber FZ-LLC was founded on 17 June 2022. The company was incorporated under the laws of the United Arab Emirates. The only shareholder is Hugo Furneaux ("Shareholder"), a Director of ADC Games sp. z o.o. ("ADC"). The purpose of the company is to run blockchain-based projects.

On 18 August 2022, the ADC signed an investment contract with the Shareholder ("Investment Contract") to define the terms of creating an entity (or group of entities forming a part of the organisational structure) under the laws of the United Arab Emirates (or any other jurisdiction agreed between the parties), who will act in the area of tokenisation, block-chain based games and the NFT ("Entity"). According to the contractual arrangements, ADC will cover the Entity incorporation and functioning costs and intends to become the only shareholder thereof on the terms set forth in the contract. ADC has a right to acquire 100% of shares in the Entity's share capital from the Shareholder of the Shareholders Directors for the price of the share capital paid plus USD 100. The offer to sell 100% of the Entity's shares to ADC is irrevocable, unconditional and unqualified. Within the 18 months following the conclusion of the investment Contract, ADC will be able to accept or reject the offer to acquire 100% of the Entity's shares. Any important actions regarding the Entity shall be taken in coordination with and with permission from ADC.

3 The basis for preparing the statements

These condensed consolidated interim financial statements were prepared in accordance with International Accounting Standard no. 34 Interim Financial Reporting ("IAS 34") in the form as approved by the European Union ("EU"). The condensed consolidated interim financial statements do not cover all the data or all the disclosures

required for the consolidated annual financial statements and they shall be read in conjunction with the consolidated financial statements of the Group prepared in accordance with the IFRSs for the year ended dated 31 December 2021.

These condensed consolidated interim financial statements were prepared based on the assumption that the Group would continue as a going concern Bank transfer Group in the foreseeable future, i.e. for at least one year following the preparation of the condensed consolidated interim financial statements, and that there were no signs of any threat to the Group's continuation as a going concern.

In connection with the war in Ukraine, the Group estimated the impact of the war on the activity of the Group and on its financial results. Suspension of the sale to Russia and Belarus will not have any major impact on the Group's financial results. In connection with the sanctions, no technology goods may be exported to the Russian Federation which could help reinforce the military and technological potential of Russia or support the development of the defence and security sectors. The Group does not sell any products or goods which could be dual-use products. By the statements publication date, the Group did not identify any material negative consequences of the war in Ukraine and of the sanctions imposed on Russia and Belarus for the Group's projects and financial results.

The functional currency of the parent company and the presentation currency of the condensed consolidated interim financial statements is Polish zloty (PLN) and all figures are given in thousand PLN (PLN '000), unless specified otherwise.

3.1 New standards and interpretations

The accounting principles (policies) adopted for preparing these interim condensed consolidated financial statements are consistent with the principles applied for preparing the Group's consolidated annual financial statements for the year ended on 31 December 2021, except for:

- the application of new standards and changes to standards and changes to the accounting principles applied by the Group as described below and
 - the accounting principles related to cryptographic assets and blockchain-based projects as described in Note 3.3.
- a) Amendments to IAS 16 "Property, Plant and Equipment" – Proceeds before Intended Use, approved in the EU on 28 June 2021 (effective for annual periods starting on 1 January 2022 or later),
- b) Amendments to IAS 37 "Provisions, Contingent Liabilities and Contingent Assets" – Onerous Contracts – Cost of Fulfilling a Contract, approved in the EU on 28 June 2021 (effective for annual periods starting on 1 January 2022 or later),
- c) Amendments to IFRS 3 "Business Combinations" – amendment of the reference to the Conceptual Framework along with amendments to IFRS 3, approved in the EU on 28 June 2021 (effective for annual periods starting on 1 January 2022 or later),
- d) Amendments to various standards "Annual Improvements to IFRS Standards 2018–2020 Cycle" – amendments made within the procedure of making annual changes to IFRSs (IFRS 1, IFRS 9, IFRS 16 and IAS 41), intended mainly to resolve inconsistencies and adding precision to the terminology – approved in the EU on 28 June 2021 (amendments to IFRS 1, IFRS 9 and IAS 41 apply to the annual periods starting on 01 January 2022 or later. Amendments to IFRS 16 apply only to the illustrative example so no effective date has been stated).

The above amendments do not materially influence the interim condensed consolidated financial statements of the Group.

3.2 Standards, amendments and interpretations of the existing standards which have been published but are not effective

The following standards and interpretations were published by the International Accounting Standards Board but they did not become effective until the reporting period end date:

- a) Amendments to IAS 1 "Presentation of Financial Statements" – Disclosure of Accounting Policies, approved in the EU on 2 March 2022 (effective for annual periods starting on 1 January 2023 or later),
- b) Amendments to IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" – Definition of Accounting Estimates, approved in the EU on 2 March 2022 (effective for annual periods starting on 1 January 2023 or later),
- c) IFRS 17 "Insurance Contracts" as amended, approved in the EU on 19 November 2021 (effective for annual periods starting on 1 January 2023 or later),
- d) IFRS "Regulatory Deferral Accounts" (applicable to the annual periods starting from 1 January 2016 or later) – the European Commission decided not to start the process of approving the temporary standard for application in the EU until the final version of IFRS 16 is issued,
- e) Amendments to IAS 1 "Presentation of Financial Statements" – Classification of Liabilities as Current or Non-current, not approved by the EU until the approval of these financial statements (applicable to the annual periods starting on 1 January 2023 or later),
- f) Amendments to IAS 12 "Income Tax" – Deferred Tax related to Assets and Liabilities arising from a Single Transaction, not approved by the EU until the approval of these financial statements (applicable to the annual periods starting on 1 January 2023 or later),
- g) Amendments to IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures" – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture or subsequent amendments, not approved by the EU until the approval of these financial statements (the effective date was postponed until the end of the research on the equity method),
- h) Amendments to IFRS 17 "Insurance Contracts" – Initial Application of IFRS 17 and IFRS 9 – Comparative Information, not approved by the EU until the approval of these financial statements (applicable to the annual periods starting on 1 January 2023 or later).

By the approval date of these condensed consolidated financial statements, the Board of Directors did not complete the assessment of how the introduction of the remaining standards and interpretations affected the Group's accounting principles (policy) in respect of the Group's activity or financial results.

The Group has not decided to apply any standard, interpretation or amendment which have already been published but is not yet effective under the EU laws.

3.3 Accounting principles related to cryptographic assets and blockchain-based projects

Revenue

Revenue from a blockchain platform comes from the payments made by its users as it enables them to use games and their features. In order to acquire a feature in a blockchain game, the customer should have a token, which is

purchased through payments made with cryptocurrencies or in exchange other non-monetary consideration, e.g. services of external advisors connected with blockchain platform development.

According to the Group, the contract with the customer involves one service performance obligation, which is to deliver a specific feature in a game available from the blockchain platform.

The Group recognises the revenue at a specific point in time, i.e. when it enables the user to make a full use of the game feature, which happens when the following conditions are met:

- a token has been provided to the customer (e.g. the token is registered in the customer's virtual wallet), and
- the game is available to the public and is developed to an extent allowing the users to redeem the assigned tokens in order to receive the game features promised at the moment of token assignment.

If the Group has distributed tokens to customers but has not provided a fully functional platform yet, the non-monetary consideration obtained from the sale of the tokens is classified as contract liabilities.

The non-monetary payment received in the form of cryptocurrencies is measured by the Group at fair value as at the contract date. The fair value is established based on the cryptocurrency prices quoted in active market and denominated in the fiduciary currency.

In the period before the tokens are generally available and before the blockchain platform is made available to the customers, the Group offers the tokens for sale to selected recipients:

- private investors, who buy tokens for the transaction price denominated in cryptocurrencies; the fair value of the payment received is determined based on the cryptocurrency prices quoted in active markets;
- third-party service providers whom the Group will assign a specific number of tokens in exchange for their services (e.g. development of the blockchain platform). In order to estimate the value of the services received, the Group applied the token fair value denominated in cryptocurrencies as established in transactions with the private investors.

For the above transactions, the Group measures the non-monetary payment according to the cryptocurrency fair value as at the contract date. The contract liability recognised on that account is not updated to account for subsequent changes in the fair value of the non-monetary payment.

Cryptographic assets

In accordance with the IAS 8.10, as there is no IFRS which would directly apply to the recognition and measurement of cryptographic assets, the Group has developed and adopted its own accounting principles in this respect.

The Group classifies any acquired or received cryptocurrencies/tokens as cryptographic assets. Cryptographic assets are classified as current assets because the Group uses them on an ongoing basis by translating them to the fiduciary currency or settling the liabilities arising in the normal operating cycle. The Group expects to redeem its cryptographic assets within 12 months following the reporting period.

The Group believes that the cryptographic assets do not have a defined useful life and as such they are not amortised and are tested for impairment once a year or more often if any events or changes to circumstances suggest possible impairment. If the fair value is lower than the book value, the Group immediately recognises an impairment loss. The Group treats the current quotations in the active market as the fair value.

Impairment losses are disclosed in the comprehensive income in other operating costs.

If the Group recognises, in the process of changing the cryptographic assets to fiduciary currencies or settling its obligations, a profit/loss on that account, it includes it in comprehensive income as other operating revenue/costs.

The disbursement of cryptographic assets is settled on the FIFO (first in first out) basis.

Development costs – blockchain

Assets recognised as development costs are connected with costs incurred by the Group to :

- create the blockchain platform – the blockchain is a virtual ecosystem for games in the Play-and-Earn model. Games of this type are based on the blockchain technology.
- pay for costs of uncompleted development work – games in the Play-and-Earn model – costs of uncompleted development work for games in the Play-and-Earn model are governed by the same rules as those that apply to games in the Free-to-Play model (moment of cost capitalisation, measurement etc.). The rules were described in the consolidated financial statements of the Group for the year ended on 31 December 2021.

Development work for the blockchain platform

Costs of development work in progress are reclassified to costs of completed development work at the moment of hard launch, i.e. the moment when the asset has its main functionalities, satisfactory levels of quality ratios and is released in the global market.

3.4 Changes to the estimates applied by the Group

The estimates applied by the Group are described in the consolidated financial statements for the year ended on 31 December 2021. The applied accounting policy did not change versus 31 December 2021.

4 Professional judgement and material estimates

Preparing the Group's consolidated financial statements requires the Board of Directors of the parent to make judgements, estimates and assumptions which influence the presented revenue, costs, assets and liabilities and the related notes as well as the disclosures regarding contingent liabilities. Uncertainty as to such assumptions and estimates may result in material changes in the values of balance-sheet assets and liabilities in the future. In the process of applying the accounting principles (policy), the Board of Directors has made the following judgements with the greatest impact on the presented balance-sheet values of assets and liabilities.

The judgments and estimates applied by the Group are described in the consolidated financial statements for the year ended on 31 December 2021.

Impairment of cash generating units and single assets

The Group has analysed potential grounds for impairment of material tangible assets, such as development costs and shares in other parties. The analysis did not reveal a need for impairment losses.

5 Business seasonality

The Group's business is not seasonal.

6 Operating segments

In 2022, the Group started working on projects involving games in the Play-and-Earn model based on the blockchain technology, which form a new and important area of the Group's activity. Projects of this type are run by subsidiaries:

- BoomLand FZ-LLC – a blockchain/metaverse platform where Play-and-Earn games are to be released
- PlayEmber FZ-LLC – a tool (SDK) for transforming traditional Free-to-Play mobile games into Play-and-Earn games

In view of the foregoing, the Board of Directors identified two operating segments for the current financial year in accordance with the IFRS 8 Operating Segments:

- Production and release of games in the Free-to-Play and Premium model (for mobile devices, consoles, PC)
- Production and release of games in the Play-and-Earn model which are based on the blockchain technology

Since the projects did not start before 2022, there are no comparative periods for the above operating segments.

The Board of Directors assesses the activity of the operating segments mainly based on the EBITDA (operating profit/loss plus amortisation) and the net profit. The Board of Directors also receives information about the revenue and assets of the segments.

There are no differences within the Group between the reporting segments and the Group's reporting as to the measurement of assets, liabilities, profits and losses.

The transactions between segments are settled on arm's length terms.

In the first half of 2022, the Company did not recognise any revenue connected with the blockchain project, which is why all the revenue is assigned to the Free-to-Play segment, see Note 7.

Revenue, EBITDA and net profit/loss of the segments

	30 June 2022			
	Mobile games	Play-and-Earn games	Intercompany adjustments	Consolidated data
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
External sales	148,068	-	-	148,068
Internal Group sales	-	-	-	-
Sales revenue	148,068	-	-	148,068
Gross profit/loss on sales	13,304	(1,553)	-	11,751
Operating profit/loss	8,373	(2,982)	-	5,391
Depreciation and amortisation	(6,375)	-	-	(6,375)
EBITDA	14,748	(2,982)	-	11,766
Financial revenue/expenses	(824)	(7)	(7)	(838)
Net profit/loss	7,226	(2,989)	(7)	4,230

Assets of the segments

	30 June 2022			
	Mobile games	Play-and-Earn games	Intercompany adjustments	Consolidated data
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Development costs	18,982	1,574	-	20,556
Other tangible assets	25,537	-	-	25,537
Tangible assets	44,519	1,574	-	46,093
Cash	38,993	-	-	38,993
Cryptographic assets	-	778	-	778
Other current assets	48,700	170	(435)	48,435
Current assets	87,693	948	(435)	88,206
Total assets	132,212	2,522	(435)	134,299

Liabilities of the segments

	30 June 2022			
	Mobile games	Play-and-Earn games	Intercompany adjustments	Consolidated data
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Long-term liabilities	2,356	-	-	2,356
Short-term liabilities	53,386	2,780	(435)	55,731
Total liabilities	55,742	2,780	(435)	58,087

The assets and liabilities as at 31 December 2021 did not include the mobile games segment.

7 Restatement of benchmarking data

The presentation of certain items of the annual statement of financial position, consolidated statement of changes in equity and consolidated cash flow statement changed in 2021. Some reporting items were accumulated while others were broken down into separate items. Additional summary items were also added. The changes were not caused by any changes in the accounting principles of the Group, but rather they resulted from aligning the presentation items with the requirements and reporting layout of the European Single Electronic Format ("ESEF"). Restatement was needed only for the benchmarking data for the 6 months of 2021 which were presented in the consolidated statement of changes in equity and in the consolidated cash flow statement.

Consolidated statement of changes in equity

Before the restatement	After the restatement	Share capital	Capital from share premium	Exchange differences on translation	Equity from share-based payments	Retained earnings	Equity attributable to shareholders of the parent	Equity attributable to minority interest	Total equity
As at 1 January 2021 (audited)	As at 1 January 2021 (audited)	6,710	32,063	1,433	3,247	21,311	64,764	2,058	66,822
	Net profit (loss)	-	-	-	-	6,227	6,227	3,183	9,410
	Other comprehensive income	-	-	297	-	-	297	-	297
Comprehensive income	Comprehensive income	-	-	297	-	6,227	6,524	3,183	9,707
Sale of shares	Increase (reduction) arising from sale of a subsidiary	-	-	-	-	(686)	(686)	686	-
Purchase settlement	Increase (reduction) arising from sale of a subsidiary	-	-	-	-	4	4	-	4
Profit distribution resolution	Disbursements to owners	-	-	-	-	-	-	(2,610)	(2,610)
Share-based payments	Share-based payments	-	-	-	429	-	429	-	429
Changes in equity	Changes in equity	-	-	297	429	5,545	6,271	1,259	7,530
As at 30 June 2021 (unaudited)	As at 30 June 2021 (unaudited)	6,710	32,063	1,730	3,676	26,856	71,035	3,317	74,352

Consolidated cash flow statement

	Before the restatement	Change	After the restatement
	6 months ended 30 June	6 months ended 30 June	6 months ended 30 June
	2021	2021	2021
Profit/loss before tax	11,520	-	11,520
Adjustments:	3,494	-	5,427
Depreciation and amortisation	6,451	-	6,451
Foreign exchange profit (loss)	(12)	-	(12)
Interest	32	(32)	-
Revenue on interest	-	36	36
Interest cost	-	(4)	(4)
Profit (loss) on investment activities	4	-	4
Change in the balance of receivables	16,439	-	16,439
Change in liabilities	(18,195)	-	(18,195)
Settlement of share-based payment costs	279	429	708
Share-based payments	429	(429)	-
Cash flows from activity		-	16,947
Income tax (paid) / refunded	(1,933)	-	(1,933)
Net cash flows from operating activity	15,014	-	15,014
Investment activity			
Sale of property, plant and equipment and intangible assets	5	-	5
Acquisition of a company	(4)	4	-
Cash from acquisition of companies	3	(3)	-
Acquisition of subsidiaries		(1)	(1)
Acquisition of property, plant and equipment and intangible assets	(233)	-	(233)
Development costs	(4,422)	-	(4,422)
Dividend payments to minority interest shareholders	(2,610)	2,610	-
Net cash flows from investment activity	(7,261)	2,610	(4,651)
Financial activity			
Proceeds from loans and borrowings	30	-	30
Dividends	-	(2,610)	(2,610)
Repayment of lease liabilities	(51)	-	(51)
Interest	(4)	-	(4)
Net cash flows from financial activity	(25)	(2,610)	(2,635)

Cash flows before exchange differences	7,728	-	7,728
Net foreign exchange differences on cash and cash equivalents	(132)	-	(132)
Total net cash flows		-	7,596
Cash opening balance	20,748	-	20,748
Cash closing balance, including:	28,344	-	28,344
- of limited disposability	-	-	-

8 Sales revenue

Sources of revenue

	2022		6 months ended 30 June 2021	
	(unaudited)		(unaudited)	
Micropayments and sale of digital copies	41,150	28%	21,989	19%
Advertising	105,542	71%	91,178	81%
Other	1,376	1%	404	0%
	148,068	100%	113,571	100%
including:				
Platforms (distribution)	146,692	99%	113,167	100%

Platforms (distribution)

	2022		6 months ended 30 June 2021	
	(unaudited)		(unaudited)	
iOS	61,558	42%	51,710	46%
Android	83,525	57%	59,693	53%
other	1,609	1%	1,764	2%
	146,692	100%	113,167	100%

Geographic data

	2022		6 months ended 30 June 2021	
	(unaudited)		(unaudited)	
North America	77,220	53%	60,472	53%
Europe	37,029	25%	30,581	27%
Asia	23,681	16%	15,089	13%
Australia & Oceania	3,952	3%	3,209	3%
South America	4,121	3%	3,253	2%
Africa	689	0%	563	1%
	146,692	100%	113,167	100%

Leading business partners

	6 months ended			
	2022		2021	
	(unaudited)		(unaudited)	
Applovin	32,090	23%	9,609	8%
Google	21,848	15%	17,693	15%
AdMob	16,945	11%	11,573	10%
Apple	16,945	11%	9,108	8%
Facebook	13,657	9%	30,481	26%
Unity Technologies	11,057	7%	11,310	10%
IronSource	9,372	6%	9,767	9%
Adlogic Technology	7,893	5%	-	0%
Fyber Monetization	5,056	3%	6,030	5%
Vungle	2,404	2%	1,881	2%
Pangle Tik Tok	2,045	1%	1,868	2%
Nintendo	1,577	1%	1,728	2%
AdColony	1,099	1%	919	1%
Others	6,080	5%	1,604	2%
	148,068	100%	113,571	100%

9 Cost of sales

	6 months ended	
	30 June	
	2022	2021
	(unaudited)	(unaudited)
Amortisation	6,375	6,451
Materials and energy consumption	338	161
Third-party services	136,461	94,131
<i>Commissions of distribution platforms</i>	11,361	6,746
<i>User acquisition costs</i>	89,677	65,634
<i>Rev share costs</i>	12,303	6,227
Taxes and levies	137	120
Salaries	7,688	5,620
Social security and other benefits	1,110	768
Other costs by type	206	67
Total costs by type	152,315	107,318
Development costs	(7,896)	(5,591)
General administrative costs	(8,102)	(4,817)
Costs of sales	136,317	96,910

10 Income tax

	6 months ended	
	30 June	
	2022	2021
	(unaudited)	(unaudited)
Gross profit	4,553	11,520
Theoretical tax calculated according to domestic rates that apply to income in Poland (19%)	(865)	(2,189)
Difference on tax according to another rate	(117)	39
Non-tax-deductible costs	(721)	25
<i>including: costs of incentive schemes</i>	(31)	-
Exchange differences	-	(6)
Revenues not included in the tax base	45	21
CIT adjustments related to previous years	1,335	-
Charge on the financial result on account of income tax	(323)	(2,110)
effective tax rate	7.1%	18.3%

In the current reporting period BoomBit S.A. filed a 2021 income tax return where it took into account the impact of the calculated research & development tax relief and the IP Box tax relief, the impact of both on the income tax for 2021 totalling PLN 1,486,000. Due to the uncertainty as to the final amount of the IP Box tax relief for 2021, the Group did not include this calculation in the income tax calculation in the preparation of the financial statements for 2021. The difference between the current income tax for 2021 calculated for the financial statements and its actual amount of PLN 1,335,000 stated in the tax return filed to the Tax Authority was charged to the income tax disclosed in the profit and loss account in the current reporting period.

Due to the application of tax reliefs, the Group's effective tax rate is 7.1% so it is lower than the nominal tax rate (19%).

11 Development costs

	Completed development work – Games	Completed development work – support tools	Patents and licences	Incomplete development work (assets in progress)	Total
As at 1 January 2022 (audited)					
Cost	37,199	16,388	-	2,238	55,825
Amortisation to date	(24,238)	(9,522)	-	-	(33,760)
Impairment losses**	(3,083)	(48)	-	-	(3,131)
Net value	9,878	6,818	-	2,238	18,934
Increases*	-	-	-	7,749	7,749
Gross sales/liquidation	(490)	-	-	-	(490)
Sales/liquidation total amortisation	476	-	-	-	476
Transfer between categories	4,206	1,047	-	(5,253)	-
Transfer between categories – total depreciation	34	(34)	-	-	-
Exchange differences on translation	-	-	-	-	-
Amortisation	(4,633)	(1,480)	-	-	(6,113)
As at 30 June 2022 (unaudited)					
Cost	40,915	17,435	-	4,734	63,084
Amortisation to date	(28,361)	(11,036)	-	-	(39,397)
Impairment losses	(3,083)	(48)	-	-	(3,131)
Net value	9,471	6,351	-	4,734	20,556

* The value of the increases differs from the value of development costs specified in Note 9 by the revenue earned in the soft launch of PLN 147,000.

Development costs for the 6 months ended 30 June 2022 include expenses on outsourced services of PLN 6,091,000 and expenses on salaries and the related contributions of PLN 1,805,000. The expenses were reduced by the soft launch revenue of PLN 147,000.

	Completed development work – Games	Completed development work – support tools	Patents and licences	Incomplete development work (assets in progress)	Total
As at 1 January 2021 (audited)					
Cost	44,779	14,370	88	9,593	68,830
Amortisation to date	(28,249)	(6,710)	(88)	-	(35,047)
Impairment losses**	(3,481)	(652)	-	(8,488)	(12,621)
Net value	13,049	7,008	-	1,105	21,162
Increases*	-	-	-	4,422	4,422
Transfer between categories***	3,013	1,560	-	(4,573)	-
Exchange differences on translation	3	12	-	43	58
Depreciation and amortisation	(4,714)	(1,430)	-	-	(6,144)

As at 30 June 2021 (unaudited)

Cost	47,795	15,942	88	9,485	73,310
Amortisation to date	(32,963)	(8,140)	(88)	-	(41,191)
Impairment losses**	(3,481)	(652)	-	(8,488)	(12,621)
Net value	11,351	7,150	-	997	19,498

*The value of the increases differs from the value of development costs specified in Note 9 by the revenue earned from the soft launch in the amount of PLN 1,169,000.

**The presentation of the impairment losses of PLN 623,000 was adjusted as at 1 January 2021 through the movement of this value from 'Completed development work – supporting tools' to 'Incomplete development work (assets in progress).'

***The presentation of transfer between categories was adjusted by PLN 1,356,000 through transfer of this value from 'Completed development work – Games' to 'Incomplete development work (assets in progress).'

Development costs for the 6 months ended 30 June 2021 include expenses on outsourced services of PLN 4,371,000 and expenses on salaries and the related contributions of PLN 1,220,000. The expenses were reduced by soft launch revenue of PLN 147,000.

Amortisation of completed development works is fully charged to the cost of goods sold.

12 Goodwill and other intangible assets

The change in goodwill versus 31 December 2021 arises from the foreign exchange differences accrued by the reporting period end date – PLN 131,000.

	Goodwill	Computer software	Other	Total
As at 1 January 2022 (audited)				
Cost	16,230	-	-	16,230
Amortisation to date	-	-	-	-
Net value	16,230	-	-	16,230
Exchange differences	(131)	-	-	(131)
Sales, liquidation – gross value	-	-	-	-
Sales, liquidation – total amortisation	-	-	-	-
As at 30 June 2022 (unaudited)				
Cost	16,099	-	-	16,099
Amortisation to date	-	-	-	-
Net value	16,099	-	-	16,099
As at 1 January 2021 (audited)				
Cost	15,203	61	25	15,289
Amortisation to date	-	(61)	(25)	(86)
Net value	15,203	-	-	15,203
Increases	3	-	-	3
Exchange differences	372	-	-	372
As at 31 December 2021 (audited)				
Cost	15,578	61	25	15,664
Amortisation to date	-	(61)	(25)	(86)
Net value	15,578	-	-	15,578

13 Cryptographic assets

The Group has the following cryptographic assets as at 30 June 2022:

	30 June	31 December
	2022	2021
BUSD cryptocurrencies	680	-
USDC cryptocurrencies	96	-
Other	5	-
	778	-

14 Capital and equity

At the beginning of the period covered by these consolidated financial statements, the share capital and the shareholding structure were as follows:

	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	Percentage of capital	Percentage of votes
Karolina Szablewska-Olejarz	1,837,208	918,604	13.69%	14.61%
Marcin Olejarz	1,862,500	931,250	13.88%	14.74%
ATM Grupa SA	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

The Company's share capital and shareholding structure as at the balance sheet date and as at the publication date of these condensed consolidated financial statements were as follows:

	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 bearer shares	80,000	40,000
	13,500,000	6,750,000

	Number of shares	Par value	Percentage of capital	Percentage of votes
Karolina Szablewska-Olejarz	1,838,839	919,420	13.62%	14.56%
Marcin Olejarz	1,867,850	933,925	13.82%	14.71%
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	2,068,311	1,034,156	15.34%	10.61%
	13,500,000	6,750,000	100.00%	100.00%

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

15 Earnings per share

The presented earnings per share are calculated as earnings attributable to shareholders of the parent:

	6 months ended	
	30 June	
	2022	2021
Net profit/loss for shareholders of the parent (PLN '000)	(unaudited) 4,510	(unaudited) 6,227
Number of shares* (as single shares)	13,455,506	13,420,000
Earnings per share – basic (in PLN)	0.34	0.46

* Weighted average number of shares in the reporting period.

Diluted earnings per share are calculated as earnings attributable to shareholders of the parent and the hypothetical weighted average number of shares:

	6 months ended	
	30 June	
	2022	2021
Net profit/loss for shareholders of the parent (PLN '000)	(unaudited) 4,510	(unaudited) 6,227
Number of single shares	13,500,000	13,420,000
Earnings per share – diluted (in PLN)	0.33	0.46

16 Dividends

On 10 June 2022, the Annual General Meeting adopted a resolution on fully allocating the Company's net profit for 2021 of PLN 10,665,000 for dividend and PLN 1,710 for the Company's spare capital.

An interim dividend of PLN 3,221,000 was paid on 11 November 2021 and the remainder on 18 July 2022.

17 Financial instruments

At the end of the both current and previous reporting period, the Group had only financial assets and liabilities measured at amortised cost, except for the shares in SuperScale Sp. z o.o. ("SuperScale") and the Call Option for SuperScale shares, measured at fair value through profit or loss.

The carrying value of financial instruments measured at amortised cost does not materially differ from their fair value.

	30 June	31 December
	2022	2021
Assets measured at amortised cost	<i>(unaudited)</i>	<i>(audited)</i>
Trade receivables	39,059	30,384
Other financial assets	3,396	3,303
Cash and cash equivalents	38,993	33,295
	81,448	66,982
Financial assets measured at fair value through profit or loss		
Interests and shares in other entities	3,509	6,483
	3,509	6,483
Financial assets	84,957	73,465
Liabilities measured at amortised cost	<i>(unaudited)</i>	<i>(audited)</i>
Trade liabilities	41,085	31,699
Other financial liabilities	1,547	146
	42,632	31,845
Liabilities measured at fair value through profit or loss		
Call option for SuperScale Sp. z o.o. shares	-	476
	-	476
Financial liabilities	42,632	32,321

The call option for Level-Up First S.à.r.l. for purchase of 112 SuperScale shares from the Company was exercised in February 2022.

Financial instruments measured at amortised cost

As other financial assets, the Group discloses (exclusive of accrued interest):

- the loans granted by the parent to the co-controlled company Moondrip Sp. z o.o., PLN 1,077,000 was utilised as at the end date of the current reporting period. PLN The loan interest rate is 3M WIBOR plus margin. The agreed loan repayment date was set as 30 June 2023.
- the loans granted by the parent to SuperScale of USD 452,000 EUR (interest rate EURIBOR 3M plus margin). An agreement was signed as regards the loan repayment, setting the repayment deadline as 5 years following the Investment Contract date, i.e. as 17 August 2025.

As other financial liabilities as at 30 June 2022 and 31 December 2021, the Group discloses:

- lease liability of PLN 242,000 (PLN 105,000 disclosed as a long-term liability as at the balance sheet date and PLN 146,000 as long-term liability at the end of the benchmarking period, including a long-term liability of PLN 46,000). The liabilities pertain to car rental contracts. The contracts were disclosed as other financial liability and a right of use (in tangible assets).
- liability related to the blockchain segment:
 - for the concluded SAFTs (i.e. simple agreement for future tokens) of PLN 324,000. SAFT deposits were made in cryptographic assets – in BUSD and USDC.
 - financial liabilities for loans from the owner and investors of PLN 981,000. The loans were granted to finance the marketing campaigns to promote the project and BoomLand FZ-LLC. The loans were granted in cryptographic assets – BUSD.

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 1M WIBOR plus margin. The overdraft facility was secured with a mortgage over the Company's assets. The carrying value of the secured assets was PLN 948,000 as at 30 June 2022. The overdraft facility was not utilised by the reporting period end date.

Financial assets measured at fair value through profit or loss

The fair value of financial assets and liabilities is established in accordance with the following fair value hierarchy:

- Level 1 – fair value based on listed prices (unadjusted) offered for identical assets or liabilities in active markets to which the Group has access on the measurement date,
- Level 2 – fair value based on input data other than Level 1 listed prices which are observable for the asset or liability, whether directly or indirectly,
- Level 3 – fair value based on non-observable input data regarding a particular asset or liability.

The fair value of SuperScale shares (Level 2) was established based on the price of exercising a call option for the Level-Up First S.à.r.l. fund to acquire 112 SuperScale shares. The option was exercised in February 2022. As a result of restatement, the value of the shares dropped by PLN 899,000.

Impairment of financial assets

As at the balance sheet date, the Group verified loans granted and receivables for expected credit losses (ECL) as required by IFRS 9. As a result of the group analysis conducted for loans and receivables from non-affiliates, the estimated impairment loss on that account would be insignificant and so the Board of Directors decided not to recognise it in these financial statements.

The Company has a collateral securing the overdue receivable from a foreign business partner, a Finnish game producer ("business partner"). As at 31 March 2022, the receivable from the business partner was EUR 214,000 thousand (PLN 999 thousand). The Group has a collateral for this receivable, described in detail in Note 18.

On 14 December 2020, the Company filed a claim for the overdue amounts plus interest to the District Court in Pirkanmaa ("Court"), which ruled in favour of the Company in a default judgment on 08 February 2021 and obligated the business partner to pay the debt. The judgment is not final but the business partner had not questioned the grounds for the payment so far; besides, the non-finality does not preclude 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. On 12 November 2021, the business partner submitted its written position to the Court. Another hearing took place on 31 August 2022, where the Court upheld its decision dated 08 February 2022, which makes it possible to once again initiate debt collection actions against the business partner.

Furthermore, since two years have passed since the conclusion of the Investment Contract (see Note 18), the Company requested SuperScale to pay EUR 107,000, i.e. 50% of the outstanding amount. The Company received this amount on 31 August 2022.

Based on the analysis of the scenarios regarding the possibility of recovering the overdue receivables from the business partner, the Group has decided that, as at the date of these condensed consolidated interim financial statements, the likelihood of recovering the overdue receivables from the business partner is high and so no impairment loss was recognised for the receivables.

18 Contingent liabilities and assets

No material contingent assets or liabilities occurred either on the reporting period end date or on the benchmarking period end date, except as described below.

The Group had a contingent asset on the balance sheet date. The asset was the collateral for trade receivables from a foreign business partner ("business partner"). The collateral was established based on the contract between SuperScale Sp. z o.o. and the Company on 01 April 2019. The collateral covers 100% of the receivables plus the accrued interest. Under the investment contract dated 17 August 2020 regarding the terms of the investment in SuperScale ("Investment Contract"), the parties agreed that in the period of two years following the signing of this contract the Company will not file any claims against SuperScale in connection with the collateral. Furthermore, the Investment Contract states that if specific conditions are not met after the period of two years, SuperScale will have to pay the Company only 50% of the unpaid amounts owed by the business partner. On the reporting period end date and on the benchmarking period end date, the amount receivable from the business partner was EUR 214,000 (interest excluded), which is PLN 999,000.

Since two years have passed since the conclusion of the Investment Contract, the Company requested SuperScale to pay EUR 107,000, i.e. 50% of the outstanding amount. The Company received this amount on 31 August 2022.

The Company does not have any collaterals for other receivables.

Collateral

On 30 December 2021, the Company signed an overdraft facility agreement with a limit of PLN 2,100,000 which resulted in a mortgage lien being established on the Group's property. On 31 March 2022, the carrying value of the property used as the collateral was PLN 948,000. PLN.

19 Note to consolidated cash flow statement

	6 months ended	
	30 June	
	2022	2021
	(audited)	(unaudited)
Receivables		
Change of balance arising from the consolidated statement of financial position	(8,896)	(17,917)
- change in the balance of loans	93	-
- receivables acquired through acquisitions	-	1
- change in cost settlements for share-based payments	-	(279)
Change in receivables arising from consolidated cash flow statement	(8,803)	(18,195)
Liabilities		
Change of balance arising from the consolidated statement of financial position	18,124	16,421
- change in the balance of liability for loans received	(981)	(30)
- liabilities acquired through acquisitions	-	(3)
- change in dividend liabilities	(7,444)	-
- balance change because of exercise of the call option	476	-
- change in lease liabilities	(96)	51
Change in liabilities arising from consolidated cash flow statement	10,079	16,439

20 Transactions with affiliates

Goods and services are acquired from affiliates on arm's length terms. Receivables from affiliates arise mainly as a result of sales transactions and are due within 60 days following the date of sale. Those receivables are not secured and do not bear interest. There are no revaluation charges for receivables from affiliates. Liabilities towards affiliates are mainly from purchasing transactions and the payment date is 60 days following the purchase date. The liabilities do not bear interest.

As at and for the 6 months ended 30 June 2022, settlements and transactions with affiliates were as follows:

	Trade and other receivables	Granted loans	Received loans	Revenue	Purchase	Trade and other liabilities
	(audited)	(audited)	(audited)	(unaudited)	(unaudited)	(audited)
Joint ventures						
MoonDrip Sp. z o.o.	4	1,192	-	46	-	-
Parties with significant influence						
Karolina Szablewska-Olejarz*	2	-	-	2	113	1,011
Marcin Olejarz*	1	-	-	6	-	1,026
Anibal Soares	-	-	90	-	-	-
Marek Pertkiewicz	1	-	-	4	-	1
Grzegorz Regliński	-	-	-	-	65	14
Michał Kowal	-	-	-	1	208	45
Other affiliates						
We Are One Ltd.*	-	-	-	-	-	2,049
ATM Spółka S.A.*	-	-	-	-	-	2,200
	8	1,192	90	59	386	6,346

*Liabilities arise from the dividend for 2021, which was paid on 18 July 2022. 100% of shares in We Are One Ltd. are held by Anibal Jose Da Cunha Saraiva Soares

As at and for the 6 months ended 30 June 2021, settlements and transactions with affiliates were as follows:

	Trade and other receivables	Granted loans	Received loans	Revenue	Purchase	Trade and other liabilities
	(audited)	(audited)	(audited)	(unaudited)	(unaudited)	(audited)
Joint ventures						
MoonDrip Sp. z o.o.	4	1,154	-	25	-	-
Parties with significant influence						
Karolina Szablewska-Olejarz	1	-	-	2	103	-
Marcin Olejarz	1	-	-	6	25	6
Marek Pertkiewicz	-	-	-	4	-	-
Grzegorz Regliński	-	-	-	-	12	11
	6	1,154	-	37	140	17

Salaries of governing bodies and key management

	6 months ended 30 June	
	2022	2021
	(unaudited)	(unaudited)
Salaries		
Salaries and other benefits for the Directors, including: <i>Board of Directors of the parent company, including:</i>	4,789	858
- provisions for bonuses for the Directors	4,737	846
- dividend for the previous year	660	-
<i>Board of Directors of other entities</i>	3,075	-
Salaries and other benefits for the Supervisory Board, including:	52	12
- dividend for the previous year	1,167	156
Salaries of key management	1,011	-
	182	557
	6,138	1,571

21 Share-based payments

The Group currently has the following share-based incentive schemes:

- On 21 February 2019, the Company's General Meeting adopted a resolution on the issue of 120,000 registered subscription warrants and their release to Ms. Kathee Chimowitz ("Beneficiary") 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 12 April 2022, 80,000 class F Company shares were assigned, issued as a part of a conditional share capital increase. The shares were assigned in connection with the exercise of the right to take up Company shares by the beneficiary of class C subscription warrants. The change of class F ordinary registered shares to ordinary bearer shares was registered on 24 May 2022.

40,000 subscription warrants were registered for the Beneficiary on 31 August 2022 as the second tranche.

- An Extraordinary General Meeting of the Company was held on 21 April 2022 and it adopted resolutions as regards adopting the following incentive schemes.

Scheme 1

Incentive scheme for the Company's Directors for 2022-2024 which assumes issue of no more than 100,000 subscription warrants. The warrants will be issued free of charge and the share issue price will be PLN 0.50 per share. The implementation of Scheme 1 will depend on whether the General Meeting adopts resolutions on profit distribution for the financial year 2022, 2023 or 2024 where it decides that some or all of the profit will be intended for dividend and also on whether the scheme participant remained a Director from the moment of being listed as Scheme 1 participant to the last financial year preceding the year when the warrants were offered.

The total number of warrants that can be offered will be calculated according to the following formula:

$W = D / (10 \times B)$, where:

- W – total number of warrants available to the participants,
- D – amount allocated in the given as dividend by a profit distribution resolution of the General Meeting,
- B – the average closing price of Company shares in the 3 months preceding the date of the resolution on profit distribution in a given year of the incentive scheme.

The amount of the provision recognised on that account in the current reporting period was PLN 660,000 and it was disclosed in other capitals.

Scheme 2

An incentive scheme for the Company's employees and contractors of the Company and of the companies from the BoomBit Group for 2022-2024 which assumes issue of no more than 405,000 subscription warrants. The warrants will be issued free of charge and the share issue price will be PLN 0.50 per share. The implementation of Scheme 2 will depend on whether the total (accumulated) consolidated net profit attributed to the shareholders in the financial years from 2022 to 2024, adjusted by the cost of the Scheme, is higher than PLN 53 million and on whether the particular Scheme 2 participants have met the loyalty criterion.

The warrant pricing was based on the Black-Scholes model, with the following assumptions:

- price of shares at the moment of price determination (22 April 2022) – PLN 14.62,
- warrant exercise price – PLN 0.50,
- expected variability – 48.11%,
- dividend rate – 6.50%,
- risk-free interest rate – 6.58%,
- expected exercise date – 1 July 2025.

The amount of the provision recognised on that account in the current reporting period was PLN 53,000.

22 Subsequent events

- On 04 August 2022, the subsidiary BoomLand FZ-LLC repaid the USD 203,000 loan (plus interest) it had received from an investor. The loan was granted to finance marketing campaigns. The loan was repaid in cryptographic assets – BUSD.

- A hearing was held on 31 August 2022 as regards the EUR 214,000 owed by the Finnish business partner. The court upheld its decision of 08 February 2022, which makes it possible to re-initiate debt collection actions. On the same day, the Company received 50% of the above amount from SuperScale as a guarantee issued to the Company by SuperScale (see Note 17).
- 40,000 subscription warrants were registered for Ms. Kathee Chimowitz on 31 August 2022 as a result of exercise of the incentive scheme adopted on 21 February 2019 by the Company's General Meeting (see Note 21).
- On 31 August 2022, BoomLand FZ-LLC signed a SAFT (Simple Agreement for Future Tokens) for the sale of \$BOOM tokens for USD 400,000 with Polygon Ecosystem Master Fund Ltd. (payment in USDC tokens).
- By the date of these financial statements, the subsidiary PlayEmber FZ-LLC has signed the SAFTs for the sale of \$EMBR tokens and a business agreement with NEAR Foundation for a total of about USD 2.05 million (payment in the cryptographic assets USDC and NEAR).
- On 23 September 2022, the Board of Directors of Giełda Papierów Wartościowych w Warszawie S.A. admitted 80,000 class F ordinary bearer shares to trading in the main stock market (see Note 21).

IV. BOOMBIT S.A. CONDENSED STANDALONE INTERIM FINANCIAL STATEMENTS FOR THE 6 MONTHS ENDED 30 JUNE 2022

Condensed standalone interim statement of comprehensive income

	Note	6 months ended 30 June		3 months ended 30 June	
		2022 (unaudited)	2021 (audited)	2022 (unaudited)	2021 (audited)
Sales revenue	6	91,280	65,650	50,491	38,620
Cost of sales	7	(78,979)	(57,233)	(42,748)	(34,028)
Gross profit on sales		12,301	8,417	7,743	4,592
General administrative costs	7	(5,507)	(4,408)	(3,092)	(2,159)
Other operating revenue		2,579	3	1,591	(546)
Other operating costs		(781)	(281)	(729)	(280)
Operating profit/loss		8,592	3,731	5,513	1,607
Financial revenue		216	3,956	139	3,940
Financial costs		(906)	(487)	(904)	(484)
Profit/loss before tax		7,902	7,200	4,748	5,063
Income tax	8	(218)	(740)	378	(299)
Net profit/loss		7,684	6,460	5,126	4,764
Other comprehensive income		-	-	-	-
Total comprehensive income		7,684	6,460	5,126	4,764
Earnings per share (in PLN)				-	-
Basic		0.57	0.48	0.38	0.35
on continued operations	12	0.57	0.48	0.38	0.35
on discontinued operations		-	-	-	-
Diluted		0.57	0.48	0.38	0.35
on continued operations	12	0.57	0.48	0.38	0.35
on discontinued operations		-	-	-	-

Condensed standalone interim statement of financial position

		30 June	31 December
	Note	2022 (unaudited)	2021 (audited)
Tangible assets			
Property, plant and equipment		1,618	1,338
Development costs	9	16,920	17,458
Shares		14,828	17,797
Other financial assets	14	4,843	6,280
		<u>38,209</u>	<u>42,873</u>
Current assets			
Trade and other receivables	10	58,242	57,508
Other financial assets	14	2,658	153
Cash and cash equivalents		17,570	5,546
Current assets other than tangible assets held for sale		<u>78,470</u>	<u>63,207</u>
Assets held for sale		-	-
Current assets		<u>78,470</u>	<u>63,207</u>
Total assets		<u>116,679</u>	<u>106,080</u>
Equity			
Equity attributable to shareholders of the parent			
Share capital	11	6,750	6,710
Capital from share premium		32,064	32,064
Equity from share-based payments	18	4,612	3,788
Retained earnings		27,845	27,605
Total equity		<u>71,271</u>	<u>70,167</u>
Liabilities			
Long-term liabilities			
Deferred income tax liabilities		2,428	3,121
Other financial liabilities	14	105	46
		<u>2,533</u>	<u>3,167</u>
Short-term liabilities			
Other financial liabilities	14	137	576
Trade and other liabilities	14	40,692	30,550
Income tax liabilities		2,046	1,620
		<u>42,875</u>	<u>32,746</u>
Short-term liabilities not held for sale		<u>42,875</u>	<u>32,746</u>
Short-term liabilities held for sale		-	-
Short-term liabilities		<u>42,875</u>	<u>32,746</u>
Total liabilities		<u>45,408</u>	<u>35,913</u>
Total equity and liabilities		<u>116,679</u>	<u>106,080</u>

Condensed standalone interim statement of changes in equity

	Note	Share capital	Capital from share premium	Other capitals	Retained earnings	Total equity
As at 1 January 2022 (audited)		6,710	32,064	3,788	27,605	70,167
Net profit (loss)		-	-	-	7,684	7,684
Comprehensive income		-	-	-	7,684	7,684
Capital increase		40	-	-	-	40
Disbursements to owners		-	-	-	(7,444)	(7,444)
Share-based payments	18	-	-	824	-	824
Changes in equity		40	-	824	240	1,104
As at 30 June 2022 (unaudited)		6,750	32,064	4,612	27,845	71,271
As at 1 January 2021 (audited)		6,710	32,064	3,247	18,450	60,471
Net profit (loss)		-	-	-	6,460	6,460
Comprehensive income		-	-	-	6,460	6,460
Share-based payments	18	-	-	429	-	429
Changes in equity		-	-	429	6,460	6,889
As at 30 June 2021 (audited)		6,710	32,064	3,676	24,910	67,360

Condensed standalone interim cash flow statement

	Note	6 months ended 30 June	
		2022 (unaudited)	2021 (audited)
Profit/loss before tax		7,902	7,200
Adjustments:		8,493	(1,915)
Amortisation	7	5,252	6,128
Foreign exchange profit (loss)		(348)	254
Interest revenue		(212)	(42)
Interest cost		7	4
Dividends received		-	(3,915)
Profit (loss) on investment activities		(25)	6
Change in the balance of receivables		(1,325)	(21,159)
Change in liabilities		2,698	16,101
Settlement of share-based payment costs	18	824	708
Profit (loss) from fair value measurement		899	-
Revaluation write-down on		723	-
Cash flows from activity		16,395	5,285
Income tax (paid) / refunded		(485)	(205)
Net cash flows from operating activity		15,910	5,080
Investment activity			
Sale of property, plant and equipment and intangible assets		31	-
Proceeds from repayment of loans granted		1,086	100
Interest received		2	9
Sale of a subsidiaries		3	3
Sale of other shares		1,593	-
Acquisition of subsidiaries		(8)	(9)
Acquisition of property, plant and equipment and intangible assets		(522)	(193)
Development costs	9	(4,486)	(5,009)
Loans granted		(1,965)	(2,143)
Dividends received		-	3,915
Net cash flows from investment activity		(4,266)	(3,327)
Financial activity			
Capital increase		40	-
Proceeds from lease received		189	-
Repayment of lease liabilities		(93)	(51)
Interest		(7)	(4)
Net cash flows from financial activity		129	(55)
Cash flows before exchange differences		11,773	1,698
Net foreign exchange differences on cash and cash equivalents		251	(212)
Total net cash flows		12,024	1,486
Cash opening balance		5,546	15,626
Cash closing balance, including:		17,570	17,112
- of limited disposability		-	-

1 General

The condensed standalone interim financial statements of BoomBit S.A. cover the 6 months ended 30 June 2022 and contain relevant benchmarking data.

Company identification data:

Business name:	BoomBit
Legal form:	Joint stock company under Polish law
Registered office:	Gdansk, ul. Zacna 2
Country of registration:	Poland
Core activity:	Publishing of computer games
Registration entity, KRS number (number in Polish register of companies) and registration date:	Gdańsk-Północ District Court in Gdańsk, 7th Commercial Division of the National Court Register; KRS number 0000740933, registered on 23 July 2018
REGON (Polish statistical business number) and date assigned:	REGON 221062100; assigned on 14 August 2010
Duration of the Company:	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.

The Company is the parent of the BoomBit S.A. Group which is why it prepares the consolidated financial statements of the Group.

In the period covered by these financial statements, 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 as at the date of these financial statements.

As at the balance sheet date, the Company's Supervisory Board was composed 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 as at the date of these financial statements.

2 The basis for preparing the statements

These condensed standalone interim financial statements were prepared in accordance with International Accounting Standard no. 34 Interim Financial Reporting ("IAS 34") in the form as approved by the European Union ("EU"). The condensed interim financial statements do not cover all the data or all the disclosures required for the annual financial statements and they shall be read in conjunction with the financial statements of the Company prepared in accordance with the IFRSs for the year ended dated 31 December 2021.

The standalone interim financial statements were prepared based on the assumption that the Group would continue as a going concern in the foreseeable future, i.e. for at least one year following the preparation of the condensed standalone interim financial statements, and that there were no signs of any threat to the Group's continuation as a going concern.

In connection with the war in Ukraine, the Company estimated the impact of the war on the activity of the Company and on its financial results. Suspension of the sale to Russia and Belarus will not have any major impact on the Company's financial results. In connection with the sanctions, no technology goods may be exported to the Russian Federation which could help reinforce the military and technological potential of Russia or support the development of the defence and security sectors. The Company does not sell any products or goods which could be dual-use products. By the statements publication date, the Company did not identify any material negative consequences of the war in Ukraine and of the sanctions imposed on Russia and Belarus for the Company's projects and financial results.

By the date of preparing these standalone interim financial statements, there were no circumstances that would suggest the existence of any threats to the Company continuing as a going concern.

These condensed standalone interim financial statements are presented in PLN, , and all amounts are presented in thousands PLN (PLN '000) unless specified otherwise.

The Company prepared the condensed standalone interim financial statements for the six months ended on 30 June 2022 were approved for publication on 26 September 2022.

2.1 New standards and interpretations

The accounting principles (policy) applied in the preparation of these condensed standalone interim financial statements are consistent with the ones applied in the preparation of the consolidated annual financial statements of the Company for the year ended 31 December 2021, except for the application of new standards as well as changes to standards and changes to the accounting principles of the Group as described below.

- i) Amendments to IAS 16 "Property, Plant and Equipment" – Proceeds before Intended Use, approved in the EU on 28 June 2021 (effective for annual periods starting on 1 January 2022 or later),
- j) Amendments to IAS 37 "Provisions, Contingent Liabilities and Contingent Assets" – Onerous Contracts – Cost of Fulfilling a Contract, approved in the EU on 28 June 2021 (effective for annual periods starting on 1 January 2022 or later),
- k) Amendments to IFRS 3 "Business Combinations" – amendment of the reference to the Conceptual Framework along with amendments to IFRS 3, approved in the EU on 28 June 2021 (effective for annual periods starting on 1 January 2022 or later),

- l) Amendments to various standards "Annual Improvements to IFRS Standards 2018–2020 Cycle" – amendments made within the procedure of making annual changes to IFRSs (IFRS 1, IFRS 9, IFRS 16 and IAS 41), intended mainly to resolve inconsistencies and adding precision to the terminology – approved in the EU on 28 June 2021 (amendments to IFRS 1, IFRS 9 and IAS 41 apply to the annual periods starting on 01 January 2022 or later. Amendments to IFRS 16 apply only to the illustrative example so no effective date has been stated).

The above amendments do not materially influence the interim condensed standalone financial statements of the Company.

2.2 Standards, amendments and interpretations of the existing standards which were published but were not yet effective

The following standards and interpretations were published by the International Accounting Standards Board but they did not become effective until the reporting period end date:

- a) Amendments to IAS 1 "Presentation of Financial Statements" – Disclosure of Accounting Policies, approved in the EU on 2 March 2022 (effective for annual periods starting on 1 January 2023 or later),
- b) Amendments to IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" – Definition of Accounting Estimates, approved in the EU on 2 March 2022 (effective for annual periods starting on 1 January 2023 or later),
- c) IFRS 17 "Insurance Contracts" as amended, approved in the EU on 19 November 2021 (effective for annual periods starting on 1 January 2023 or later),
- d) IFRS "Regulatory Deferral Accounts" (applicable to the annual periods starting from 1 January 2016 or later) – the European Commission decided not to start the process of approving the temporary standard for application in the EU until the final version of IFRS 16 is issued,
- e) Amendments to IAS 1 "Presentation of Financial Statements" – Classification of Liabilities as Current or Non-current, not approved by the EU until the approval of these standalone financial statements (applicable to the annual periods starting on 1 January 2023 or later),
- f) Amendments to IAS 12 "Income Tax" – Deferred Tax related to Assets and Liabilities arising from a Single Transaction, not approved by the EU until the approval of these standalone financial statements (applicable to the annual periods starting on 1 January 2023 or later),
- g) Amendments to IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures" – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture or subsequent amendments, not approved by the EU until the approval of these standalone financial statements (the effective date was postponed until the end of the research on the equity method),
- h) Amendments to IFRS 17 "Insurance Contracts" – Initial Application of IFRS 17 and IFRS 9 – Comparative Information, not approved by the EU until the approval of these standalone financial statements (applicable to the annual periods starting on 1 January 2023 or later).

By the approval date of these condensed standalone financial statements, the Board of Directors did not complete the assessment of how the introduction of the remaining standards and interpretations affected the Company's accounting principles (policy) in respect of the Company's activity or financial results.

The Company did not decide to implement an early adoption of any standards, interpretations or amendments which have already been published but are not yet effective in the light of EU laws.

2.3 Amendments to the estimates applied by the Company

The estimates applied by the Company are described in the standalone financial statements for the year ended on 31 December 2021. The applied accounting policy did not change versus 31 December 2021.

3 Professional judgement and material estimates

Preparing the Company's financial requires the Board of Directors of the Company to make judgements, estimates and assumptions which influence the presented revenue, costs, assets and liabilities and the related notes as well as the disclosures regarding contingent liabilities. Uncertainty as to such assumptions and estimates may result in adjustments of values of balance-sheet assets and liabilities in the future.

In the process of applying the accounting principles (policy), the Board of Directors has made the following judgements with the greatest impact on the presented balance-sheet values of assets and liabilities:

Asset impairment

The Company has analysed potential grounds for impairment of material tangible assets, such as development costs, shares, receivables and loans granted.

The analysis did not reveal a need for impairment losses on development costs and shares.

The analysis of loans granted and receivables for impairment was presented in Note 14.

4 Business seasonality

The Company's business is not seasonal.

5 Restatement of benchmarking data

The presentation of certain items of the standalone statement of financial position and the standalone cash flow statement changed in the annual statements in 2021. Some reporting items were accumulated while other were broken down into separate items. Additional summary items were also added. The changes were not caused by any changes in the accounting principles of the Group but they resulted from aligning the presentation items with the requirements and reporting layout of the European Single Electronic Format ("ESEF"). Restatement was needed only for the benchmarking data for the 6 months of 2021 which were presented in the cash flow statement.

	Before the restatement	Change	After the restatement
	6 months ended	6 months ended	6 months ended
	2021	2021	2021
Profit/loss before tax	7,200	-	7,200
Adjustments:	(2,120)	-	(1,915)
Amortisation	6,128	-	6,128
Profit (loss) from exchange rate differences	254	-	254
Interest and profit sharing (dividends)	(3,953)	3,953	-
Revenue on interest	-	(42)	(42)
Interest cost	-	4	4
Dividends received	-	(3,915)	(3,915)
Profit/loss on investment activity	6	-	6

Movements in receivables, other receivables and prepayments and accruals	(21,159)	-	(21,159)
Change in liabilities, except for loans and borrowings	16,101	-	16,101
Settlement of share-based payment costs	708	-	708
Cash flows from activity			5,285
Income tax (paid) / refunded	(205)	-	(205)
Net cash flows from operating activity	5,080	-	5,080
Investment activity			
Proceeds from repayment of loans granted	100	-	100
Interest on borrowings	9	-	9
Sale of shares in subsidiaries, affiliates and co-controlled companies	3	(3)	-
Sale of a subsidiaries	-	3	3
Acquisition of shares in subsidiaries, affiliates and co-controlled companies	(9)	-	(9)
Acquisition of property, plant and equipment and intangible assets	(193)	-	(193)
Development costs	(5,009)	-	(5,009)
Loans granted	(2,143)	-	(2,143)
Dividends received	3,915	-	3,915
Net cash flows from investment activity	(3,327)	-	(3,327)
Financial activity			
Repayment of lease liabilities	(51)	-	(51)
Interest paid	(4)	-	(4)
Net cash flows from financial activity	(55)	-	(55)
Cash flows before exchange differences	1,698	-	1,698
Net foreign exchange differences on cash and cash equivalents	(212)	-	(212)
Total net cash flows	1,486	-	1,486
Cash opening balance	15,626	-	15,626
Cash closing balance, including:	17,112	-	17,112
- of limited disposability	-	-	-

6 Contracts with customers

Sources of revenue

	6 months ended			
	2022		30 June	
	(unaudited)		(audited)	
rev share	88,712	97%	40,212	61%
advertising	343	0%	24,431	37%
micropayments	184	0%	213	0%
other	2,041	3%	794	2%
	91,280	100%	65,650	100%
<i>including:</i>				
<i>platforms (distribution)</i>	527	1%	24,644	38%

Platforms (distribution)

	6 months ended 30 June			
	2022 (unaudited)		2021 (audited)	
Android	121	23%	13,123	53%
iOS	380	72%	11,346	46%
other	26	5%	175	1%
	527	100%	24,644	100%

Geographic data

	6 months ended 30 June			
	2022 (unaudited)		2021* (audited)	
North America	242	0%	13,608	20%
Europe	90,946	100%	47,791	73%
Asia	56	0%	2,703	4%
Australia & Oceania	26	0%	750	1%
South America	7	0%	685	1%
Africa	3	0%	113	1%
	91,280	100%	65,650	100%

*Values were updated for 2021 – the previous presentation included a geographic breakdown only for the revenue from platforms (distribution) which was dominant in the Revenue sources. The current table presents a geographic breakdown of all the revenue of the Company.

Leading business partners

	6 months ended 30 June			
	2022 (unaudited)		2021 (audited)	
BoomBit Games	87,016	96%	38,992	59%
BoomHits	1,662	2%	694	1%
PixelMob	399	0%	120	0%
Play With Games	324	0%	500	1%
TapNice	284	0%	202	0%
ADC Games	231	0%	-	0%
Unity Technologies	218	0%	3,673	6%
Apple	160	0%	188	0%
Others	986	2%	21,281	33%
	91,280	100%	65,650	100%

In order to better reflect the division of roles of the BoomBit Group companies ("Group"), some business processes in the Group were changed in 2021. This also changed the Company's revenue structure by source. The change did not affect the total revenue of the Company.

7 Cost of sales

	6 months ended 30 June	
	2022 (unaudited)	2021 (audited)
Depreciation and amortisation	5,252	6,128
Materials and energy consumption	241	143
Outsourced services, including:	76,540	55,246
Commissions of distribution platforms	55	64
User acquisition costs	55,466	40,787
Rev share costs	8,329	4,104
Taxes and levies	79	69
Salaries	5,904	4,959
Social security and other benefits	804	726
Other costs by type	152	41
Total costs by type	88,972	67,312
Development costs	(4,486)	(5,671)
General administrative costs	(5,507)	(4,408)
Cost of sales	78,979	57,233

8 Income tax

	6 months ended	
	2022	2021
	(unaudited)	(audited)
	7,902	7,200
Profit before tax		
Theoretical tax calculated according to domestic rates that apply to income in Poland(19%)	(1,501)	(1,368)
Non-taxable revenue	57	765
Non-tax-deductible costs	(109)	(137)
- including costs of incentive schemes	(31)	(135)
Tax adjustment for previous years	1,335	-
Charge on the financial result on account of income tax	(218)	(740)
Effective tax rate	2.8%	10.3%

In the current reporting period, the Company filed its 2021 income tax return where it took into account the impact of the calculated research & development tax relief and the IP Box tax relief, the impact of both on the income tax for 2021 totalling PLN 1,486,000. Due to the uncertainty as to the final amount of the IP Box tax relief for 2021, the Company did not include this calculation in the calculation of the income tax in the preparation of the financial statements for 2021. The difference between the current income tax for 2021 as calculated for the financial statements and its actual amount specified in the tax return filed to the Tax Authority of PLN 1,335,000 was charged to the income tax disclosed in the profit and loss account in the current reporting period.

Due to the application of tax reliefs, the Group's effective tax rate is 2.8% and as such it is lower than the nominal tax rate (19%).

9 Development costs

	Completed development work – Games	Completed development work – support tools	Patents and licences	Development work in progress	Total
As at 1 January 2022 (audited)					
Cost	37,965	15,716	-	1,861	55,542
Amortisation to date	(25,650)	(9,231)	-	-	(34,881)
Impairment losses	(3,155)	(48)	-	-	(3,203)
Net value	9,160	6,437	-	1,861	17,458
Increases	-	-	-	4,486	4,486
Gross transfer between categories	2,861	1,047	-	(3,908)	-
Transfer between categories – total amortisation	34	(34)	-	-	-
Gross sales/liquidation	(490)	-	-	-	(490)
Sales/liquidation total amortisation	476	-	-	-	476
Depreciation and amortisation	(3,601)	(1,409)	-	-	(5,010)
As at 30 June 2022 (unaudited)					
Cost	40,336	16,763	-	2,439	59,538
Amortisation to date	(28,741)	(10,674)	-	-	(39,415)
Impairment losses	(3,155)	(48)	-	-	(3,203)
Net value	8,440	6,041	-	2,439	16,920

Development costs for the six months ended 30 June 2022 include expenses on outsourced services of PLN 2,980,000 and expenses on salaries and the related contributions of PLN 1,506,000. Amortisation of completed development works is fully charged to the cost of goods sold.

	Completed development work – Games	Completed development work – support tools	Patents and licences	Development work in progress	Total
As at 1 January 2021 (audited)					
Cost	42,289	13,038	88	6,665	62,080
Amortisation to date	(26,637)	(6,473)	(88)	-	(33,198)
Impairment losses	(3,756)	(48)	-	(5,286)	(9,090)
Net value	11,896	6,517	-	1,379	19,792
Increases	-	-	-	5,009	5,009
Gross transfer between categories	3,819	1,560	-	(5,379)	-
Amortisation	(4,520)	(1,336)	-	-	(5,856)
As at 30 June 2021 (audited)					
Cost	46,108	14,598	88	6,295	67,089
Amortisation to date	(31,157)	(7,809)	(88)	-	(39,054)
Impairment losses	(3,756)	(48)	-	(5,286)	(9,090)
Net value	11,195	6,741	-	1,009	18,945

*The value of the increases differs from the value of development costs specified in Note 7 by the revenue earned from the soft launch in the amount of PLN 662,000.

Development costs for the six months ended 30 June 2021 include expenses on outsourced services of PLN 4,508,000 and expenses on salaries and the related contributions of PLN 1,163,000. The expenses were reduced by soft launch revenue of PLN 147,000. Depreciation of completed development works is fully charged to the cost of goods sold.

10 Other assets

At the end of the current reporting period, the Company disclosed the costs incurred for the blockchain-based project pursued under subcontracting for BoomLand FZ-LLC in "Trade and other receivables." As at 30 June 2022, PLN 2,253,000 was included in this item.

11 Capital and equity

At the beginning of the period covered by these standalone financial statements, the share capital Company and the shareholding structure were as follows:

	Number of shares	Par value	Percentage of capital	Percentage of votes
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	Percentage of capital	Percentage of votes
Karolina Szablewska-Olejarz	1,837,208	918,604	13.69%	14.61%
Marcin Olejarz	1,862,500	931,250	13.88%	14.74%
ATM Grupa S.A.	4,000,000	2,000,000	29.81%	30.90%
We Are One Ltd.*	3,725,000	1,862,500	27.76%	29.48%
Other shareholders	1,995,292	997,646	14.87%	10.27%
	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

The Company's share capital and shareholding structure as at the balance sheet date and as at the publication date of these condensed standalone financial statements were as follows:

	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 bearer shares	80,000	40,000
	13,500,000	6,750,000

	Number of shares	Par value	Percentage of capital	Percentage of votes
Karolina Szablewska-Olejarz	1,838,839	919,420	13.62%	14.56%
Marcin Olejarz	1,867,850	933,925	13.82%	14.71%
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	2,068,311	1,034,156	15.34%	10.61%
	13,500,000	6,750,000	100.00%	100.00%

80,000 class F shares of the Company were assigned on 12 April 2022, which were issued within the conditional share capital increase under Resolution 6 of the Company's General Meeting of 21 February 2019 (date of registration of the conditional capital in the National Court Register: 12 August 2019). The shares were assigned in connection with the exercise of the right to take up Company shares by the beneficiary of class C subscription warrants. The change of class F ordinary registered shares to ordinary bearer shares was registered on 24 May 2022.

12 Earnings per share

The presented earnings per share are calculated as earnings attributable to the Company's shareholders.

	6 months ended	
	30 June	
	2022	2021
	(unaudited)	(audited)
Net result (PLN '000)	7,684	6,460
Number of shares* (as single shares)	13,455,506	13,420,000
Earnings per share – basic (in PLN)	0.57	0.48

* weighted average number of shares in the reporting period

Diluted earnings per share are calculated as earnings attributable to shareholders of the Company and the hypothetical weighted average number of shares.

	6 months ended	
	30 June	
	2022	2021
	(unaudited)	(audited)
Net result (PLN '000)	7,684	6,460
Number of shares* (as single shares)	13,500,000	13,420,000
Earnings per share – diluted (in PLN)	0.57	0.48

* weighted average hypothetical number of shares in the reporting period

13 Dividends

On 10 June 2022, the Annual General Meeting adopted a resolution on fully allocating the Company's net profit for 2021 of PLN 10,665,000 for dividend and PLN 1,710 for the Company's spare capital.

An interim dividend of PLN 3,221,000 was paid on 11 November 2021 and the remainder on 18 July 2022.

14 Financial instruments

At the end of the both current and previous reporting period, the Company had only financial assets and liabilities measured at amortised cost, except for the shares in SuperScale Sp. z o.o. ("SuperScale") and the Call Option for SuperScale shares, measured at fair value through profit or loss.

	30 June	31 December
	2022	2021
	(unaudited)	(audited)
Assets measured at amortised cost		
Trade receivables	51,999	54,416
Other financial assets	7,501	6,433
Cash and cash equivalents	17,570	5,546
	77,070	66,395
Financial assets measured at fair value through profit or loss		
Interests and shares in other entities	3,509	6,483
	3,509	6,483
Financial assets	80,579	72,878
	30 June	31 December
	2022	2021
	(unaudited)	(audited)
Liabilities measured at amortised cost		
Trade liabilities	30,659	28,236
Other financial liabilities	242	146
	30,901	28,382
Liabilities measured at fair value through profit or loss		
Call option for SuperScale Sp. z o.o. shares	-	476
	-	476
Financial liabilities	30,901	28,858

The call option for Level-Up First S.à.r.l. for purchase of 112 SuperScale shares from the Company was exercised in February 2022.

Financial instruments measured at amortised cost

The carrying value of financial instruments measured at amortised cost does not materially differ from their fair value.

As other financial assets, the Company discloses (exclusive of accrued interest):

- loans of PLN 1,077,000 granted to Moondrip Sp. z o.o. The loan interest rate is 3M WIBOR plus margin. The agreed loan repayment date was set as 30 June 2023.
- loans of EUR 452,000 granted to SuperScale EUR (interest rate EURIBOR 3M plus margin). An agreement was signed as regards the loan repayment, setting the repayment deadline as five years following the Investment Contract date, i.e. as 17 August 2025.
- loans of PLN 241,000 granted to Mindsense Games Sp. z o.o. The loan interest rate is 3M WIBOR plus margin. The agreed loan repayment date was set as 31 March 2023.

- loans of PLN 3,000,000 granted to BoomHits Sp. z o.o. The loan interest rate is 3M WIBOR plus margin. The agreed loan repayment date was set as 31 December 2023. The Company recognise a revaluation allowance of PLN 1,077,000 for this asset.
- loans of PLN 230,000 granted to Maisly Games Sp. z o.o. The loan interest rate is 3M WIBOR plus margin. The loan repayment deadlines are 01 December 2022 and 21 December 2023.
- loans of USD 150,000 granted to SkyLoft Sp. z o.o. The loan interest rate is LIBOR 3M plus margin. The agreed loan repayment date is 10 March 2023.
- loans of PLN 389,000 granted to BoomPick Games Sp. z o.o. The loan interest rate is 3M WIBOR plus margin. The agreed loan repayment date is 21 February 2024.
- loans of USD 97,000 granted to BoomLand FZ-LLC. The loan interest rate is 3M SOFR plus margin. The agreed loan repayment date is 26 May 2023.

As other financial liabilities as at 30 June 2022 and as at 31 December 2021, the Group discloses a lease liability of PLN 242,000 (with 105,000 disclosed as a long-term liability as at the balance sheet date and PLN 146,000 as a long-term liability at the end of the benchmarking period, including a long-term liability of PLN 46,000). The liabilities pertain to car rental contracts. The contracts were disclosed as other financial liability and a right of use (in tangible assets).

On 30 December 2021, the Company signed an overdraft facility agreement with a limit of PLN 2,100,000. PLN The repayment deadline is 30 December 2022. The overdraft facility interest rate is 1M WIBOR plus margin. The overdraft facility was secured with a mortgage over the Company's assets. The carrying value of the secured assets was PLN 948,000 as at 30 June 2022. PLN The overdraft facility was not utilised by the reporting period end date.

Financial assets measured at fair value through profit or loss

The fair value of financial assets and liabilities is established in accordance with the following fair value hierarchy:

- Level 1 – fair value based on listed prices (unadjusted) offered for identical assets or liabilities in active markets to which the Group has access on the measurement date,
- Level 2 – fair value based on input data other than Level 1 listed prices which are observable for the asset or liability, whether directly or indirectly,
- Level 3 – fair value based on non-observable input data regarding a particular asset or liability.

The fair value of SuperScale shares (Level 2) was established based on the price of exercising a call option for the Level-Up First S.à.r.l. fund to acquire 112 SuperScale shares. The option was exercised in February 2022. As a result of restatement, the value of the shares dropped by PLN 899,000.

Impairment of financial assets

As at the balance sheet date, the Group verified loans granted and receivables for expected credit losses (ECL) as required by IFRS 9. As a result of the group analysis conducted for loans and receivables from non-affiliates, the estimated impairment loss on that account would be insignificant and so the Board of Directors decided not to recognise it in these standalone financial statements.

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 impairment (default) and recognised an impairment loss for a total of PLN 3,430,000, of which PLN 1,077,000 pertained to the

loan granted to the subsidiary BoomHits and PLN 2,353,000 to trade receivables. The total exposure at default (EAD) as at 30 June 2022 was estimated as PLN 11,663,000, with a loss given default (LGD) of 34%. The EAD calculation also took into account the high-quality assets (e.g. cash, receivables from advertising networks and from the tax authority) held by the company as at 30 June 2022.

The Company has a collateral securing the overdue receivable from a foreign business partner, a Finnish game producer ("business partner"). As at 30 June 2022, the receivable from the business partner was EUR 214,000 (PLN 999,000). The Group has a collateral for this receivable, described in detail in Note 15.

On 14 December 2020, the Company filed a claim for the overdue amounts plus interest to the District Court in Pirkanmaa ("Court"), which ruled in favour of the Company in a default judgment on 08 February 2021 and obligated the business partner to pay the debt. The judgment is not final but the business partner has not questioned the grounds for the payment so far; besides, the non-finality does not preclude 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. On 12 November 2021, the business partner submitted its written position to the Court. Another hearing took place on 31 August 2022, where the Court upheld its decision dated 08 February 2022, which makes it possible to once again initiate debt collection actions against the business partner.

Furthermore, since two years have passed since the conclusion of the Investment Contract (see Note 15), the Company requested SuperScale to pay EUR 107,000, i.e. 50% of the outstanding amount. The Company received this amount on 31 August 2022.

Based on the analysis of the scenarios regarding the possibility of recovering the overdue receivables from the business partner, the Company has decided that, as at the date of these condensed interim financial, the likelihood of recovering the overdue receivables from the business partner is high and so no impairment loss was recognised for the receivables.

15 Contingent liabilities and assets

No material contingent assets or liabilities occurred either on the reporting period end date or on the benchmarking period end date, except as described below.

The Company had a contingent asset on the balance sheet date. The asset was a collateral for trade receivables from a foreign business partner ("business partner"). The collateral was established based on the contract between SuperScale Sp. z o.o. and the Company on 01 April 2019. The collateral covers 100% of the receivables plus the accrued interest. Under the investment contract dated 17 August 2020 regarding the terms of the investment in SuperScale ("Investment Contract"), the parties agreed that in the period of two years following the signing of this contract the Company will not file any claims against SuperScale in connection with the collateral. Furthermore, the Investment Contract states that if specific conditions are not met after the period of two years, SuperScale will have to pay the Company only 50% of the unpaid amounts owed by the business partner. On the reporting period end date and on the benchmarking period end date, the amount receivable from the business partner was EUR 214,000 (interest excluded), which is PLN 999,000.

Since two years have passed since the conclusion of the Investment Contract, the Company requested SuperScale to pay EUR 107,000, i.e. 50% of the outstanding amount. The Company received this amount on 31 August 2022.

The Company does not have any collaterals for other receivables.

Collateral

On 30 December 2021, the Company signed an overdraft facility agreement with a limit of PLN 2,100,000 which resulted in a mortgage lien being established on the Group's property. On 31 March 2022, the carrying value of the assets used as the collateral was PLN 948,000.

16 Note to condensed standalone interim cash flow statement

	6 months ended	
	30 June	
	2022	2021
	(unaudited)	(audited)
Receivables		
Change of balance arising from the statement of financial position	(1,802)	(22,914)
- change in the balance of receivables for loans granted	1,068	2,034
- changes in provisions for trade receivables	(591)	-
- change in settlements for share-based payments	-	(279)
Change of balance arising from the cash flow statement	(1,325)	(21,159)
Liabilities		
Change of balance arising from the statement of financial position	9,762	16,050
- change in balance of options liabilities	476	-
- change in balance of dividend liabilities	(7,444)	-
- change in balance of lease liabilities	(96)	51
Change of balance arising from the cash flow statement	2,698	16,101

17 Transactions with affiliates

Goods and services are acquired from affiliates on arm's length terms. Receivables from affiliates arise mainly as a result of sales transactions and are due within 60 days following the date of sale. Those receivables are not secured and do not bear interest. There are no revaluation charges for receivables from affiliates. Liabilities towards affiliates are mainly from purchasing transactions and the payment date is 60 days following the purchase date. The liabilities do not bear interest.

As at and for the 6 months ended 30 June 2022, settlements and transactions with affiliates were as follows:

	Trade and other receivables	Granted loans	Trade and other liabilities	Received loans	Revenue	Purchase
	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Parties with significant influence						
ATM Grupa S.A.	-	-	2,200	-	-	-
Karolina Szablewska-Olejarz	2	-	1,011	-	2	113
Marcin Olejarz	1	-	1,026	-	6	-
Marek Pertkiewicz	1	-	1	-	4	-
We Are One Ltd.	-	-	2,049	-	-	-
Hybrid Touch Games Ltd.	2	-	-	-	14	207
Bad Habit Games	-	-	45	-	1	208
Grzegorz Regliński	-	-	3	-	-	4
Subsidiaries						
BoomBit Games Ltd.	30,289	-	188	-	87,016	98
BoomBit Inc.	22	-	-	-	42	-
Maisly Games Sp. z o.o.	369	235	1	-	60	12
TapNice Sp. z o.o.	893	-	1	-	284	2
BoomHits Sp. z o.o.	11,797	2,079	1	-	1,770	16
PixelMob Sp. z o.o.	511	-	-	-	399	-
Play With Games Ltd.	162	-	-	-	324	-
ADC Games Sp. z o.o.	3,252	-	-	-	232	-
Mindsense Games Sp. z o.o.	58	269	-	-	92	524
SkyLoft	3,304	686	-	-	146	-
PlayEmber	2	-	-	-	3	-
BoomPick Sp. z o.o.*	60	400	-	-	82	-

BoomLand FZ-LCC**	-	435	-	-	2	-
Joint ventures						
MoonDrip Sp. z o.o.	4	1,192	-	-	43	-
	50,729	5,296	6,526	-	90,522	1,184

* Amounts disclosed in revenue and purchases pertain to the period when BoomPick became an affiliate, i.e. from February 2022

** Amounts disclosed in revenue and purchases pertain to the period when BoomLand became an affiliate, i.e. from May 2022

As at and for the 6 months ended 30 June 2021, settlements and transactions with affiliates were as follows:

	Trade and other receivables	Granted loans	Trade and other liabilities	Received loans	Revenue	Purchase
	(audited)	(audited)	(audited)	(audited)	(audited)	(audited)
Parties with significant influence						
Karolina Szablewska-Olejarz	1	-	-	-	2	103
Marcin Olejarz	1	-	6	-	6	25
Marek Pertkiewicz	-	-	-	-	4	-
Subsidiaries						
BoomBit Games Ltd.	34,094	-	-	-	38,992	38
BoomBit Inc.	-	-	117	-	-	-
Maisly Games Sp. z o.o.	448	71	1	-	95	-
TapNice Sp. z o.o.	1,330	-	2	-	203	2
BoomHits Sp. z o.o.	11,933	2,104	8	-	704	-
PixelMob Sp. z o.o.	714	-	-	-	120	-
Play With Games Ltd.	174	-	-	-	500	-
ADC Games Sp. z o.o.	2,991	82	21	-	19	-
Mindsense Games Sp. z o.o.	90	261	-	-	90	9
SkyLoft	1,265	612	-	-	-	-
PlayEmber	2	-	-	-	-	-
Joint ventures						
MoonDrip Sp. z o.o.	4	1,154	-	-	25	-
	53,047	4,284	155	-	40,760	177

* Amounts disclosed in revenue and purchases pertain to the period when ADC Games became an affiliate, i.e. from March 2021. The majority of the receivables arose as a result of re-invoicing of costs which, as per the accounting policy, are not presented as revenue but are presented per balance in other operating activity

** Amounts disclosed in revenue and purchases pertain to the period when Maisly Games became an affiliate, i.e. from May 2021

Salaries of key management

	6 months ended 30 June	
	2022	2021
	(unaudited)	(audited)
Salaries and other benefits for the Directors, including:	4,737	846
<i>Provisions for annual bonus for the Directors</i>	660	-
Dividend for the previous year	3,075	-
Salaries and other benefits for the Supervisory Board, including:	1,167	156
Dividend for the previous year	1,011	-
Salaries of key management	182	185
	6,086	1,187

18 Share-based payments

The Company currently has the following share-based incentive schemes:

- On 21 February 2019, the Company's General Meeting adopted a resolution on the issue of 120,000 registered subscription warrants and their release to Ms Kathee Chimowitz ("Beneficiary") 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 were 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 12 April 2022, 80,000 class F Company shares were assigned, issued as a part of a conditional share capital increase. The shares were assigned in connection with the exercise of the right to take up Company shares by the beneficiary of class C subscription warrants. The change of class F ordinary registered shares to ordinary bearer shares was registered on 24 May 2022.

40,000 subscription warrants were registered for the Beneficiary on 31 August 2022 as the second tranche.

2. An Extraordinary General Meeting of the Company was held on 21 April 2022 and it adopted resolutions as regards adopting the following incentive schemes.

Scheme 1

Incentive scheme for the Company's Directors for 2022-2024 which assumes issue of no more than 100,000 subscription warrants. The warrants will be issued free of charge and the share issue price will be PLN 0.50 per share. The implementation of Scheme 1 will depend on whether the General Meeting adopts resolutions on profit distribution for the financial year 2022, 2023 or 2024 where it decides that some or all of the profit will be intended for dividend and also on whether the scheme participant remained a Director from the moment of being listed as Scheme 1 participant to the last financial year preceding the year when the warrants were offered.

The total number of warrants that can be offered will be calculated according to the following formula:

$W = D / (10 \times B)$, where:

- W – total number of warrants available to the participants,
- D – amount allocated in the given as dividend by a profit distribution resolution of the General Meeting,
- B – the average closing price of Company shares in the three months preceding the date of the resolution on profit distribution in a given year of the incentive scheme.

The amount of the provision recognised on that account in the current reporting period was PLN 660,000 and it was disclosed other capitals.

Scheme 2

An incentive scheme for employees and contractors of the Company and of the companies from the BoomBit Group for 2022-2024 which assumes issue of no more than 405,000 subscription warrants. The warrants will be issued free of charge and the share issue price will be PLN 0.50 per share. The implementation of Scheme 2 will depend on whether the total (accumulated) consolidated net profit attributed to the shareholders in the financial years from 2022 to 2024, adjusted by the cost of the Scheme, is higher than PLN 53 million and on whether the particular Scheme 2 participants have met the loyalty criterion.

The warrant pricing was based on the Black-Scholes model, with the following assumptions:

- price of shares at the moment of price determination (22 April 2022) – PLN 14.62,
- warrant exercise price – PLN 0.50,
- expected variability – 48.11%,

- dividend rate – 6.50%,
- risk-free interest rate – 6.58%,
- expected exercise date – 1 July 2025.

The amount of the provision recognised on that account in the current reporting period was PLN 53,000.

19 Miscellaneous

BoomLand FZ-LLC was founded on 06 May 2022. The company was incorporated under the laws of the United Arab Emirates. Anibal Jose Da Cunha Saraiva Soares, the Vice-President of the Company, is the only shareholder of BoomLand FZ-LLC. The purpose of the company is to run a blockchain-based project. The Company signed an investment contract with the Vice-President (“Investment Contract”) on 30 June 2022 to define the terms of creating an entity (or group of entities forming a part of the organisational structure) under the laws of the United Arab Emirates (or any other jurisdiction agreed between the parties), who will act in the area of tokenisation, blockchain based games and the NFT (“Entity”). According to preliminary agreements, the Company will cover the Entity incorporation and functioning costs and intends to become the only shareholder thereof on the terms as are going to be set forth in the contract. The Company is planned to have a right to acquire 100% of shares in the Entity’s share capital from the Vice-President of the Board of Directors for the price of the share capital paid plus USD 100. The offer to sell 100% of the Entity’s shares to the Company will be irrevocable, unconditional and unqualified. Within the 18 months following the conclusion of the Investment Contract, the Company will be able to accept or reject the offer to acquire 100% of the Entity’s shares. After the Entity has been created, any important actions shall be taken in coordination and with permission from the Company.

20 Subsequent events

- A hearing was held on 31 August 2022 as regards the EUR 214,000 owed by the Finnish business partner. The court upheld its decision of 08 February 2022, which makes it possible to re-initiate debt collection actions. On the same day, the Company received 50% of the above amount from SuperScale as a guarantee issued to the Company by SuperScale (see Note 13).
- 40,000 subscription warrants were registered for Ms. Kathee Chimowitz on 31 August 2022 as a result of exercise of the incentive scheme adopted on 21 February 2019 by the Company’s General Meeting (see Note 18).
- On 23 September 2022, the Board of Directors of Giełda Papierów Wartościowych w Warszawie S.A. admitted 80,000 class F ordinary bearer shares to trading in the main stock market (see Note 18).

V. MANAGEMENT REPORT FOR BOOMBIT S.A. FOR THE 6 MONTHS ENDED 30 JUNE 2022

1 Description of major achievements or failures of the issuer in the reporting period

1.1 Economic and financial figures

Consolidated quarterly performance data

	Q1 2021	Q2 2021	H1 2021	Q1 2022	Q2 2022	H1 2022	change of H1 2022 vs H1 2021	% of change of H1 2022 vs H1 2021
Revenue, including:	42,894	70,677	113,571	66,153	81,915	148,068	34,497	30%
Micropayments and sale of digital copies	6,565	15,424	21,989	18,917	22,233	41,150	19,161	87%
Advertising	36,168	55,010	91,178	46,341	59,201	105,542	14,364	16%
Main variable costs:	26,890	50,644	77,534	49,687	63,369	113,056	35,522	46%
Commissions of platforms	2,105	4,489	6,594	4,882	6,469	11,351	4,757	72%
User Acquisition*	22,870	41,843	64,713	39,229	50,173	89,402	24,689	38%
Rev share	1,915	4,312	6,227	5,576	6,727	12,303	6,076	98%
Revenue minus main variable costs	16,004	20,033	36,037	16,466	18,546	35,012	(1,025)	-3%
EBITDA	8,175	10,247	18,422	6,037	5,729	11,766	(6,656)	-36%
Financial revenue/expenses	9	(460)	(451)	21	(859)	(838)	(387)	86%
NET PROFIT/LOSS	3,882	5,528	9,410	2,273	1,957	4,230	(5,180)	-55%
One-off events**	-	476	476	-	899	899	423	89%
Current/deferred tax on one-time events	-	(91)	(91)	-	(171)	(171)	(80)	88%
Adjusted EBITDA	8,175	10,247	18,422	6,037	5,729	11,766	(6,656)	-36%
Adjusted NET PROFIT/LOSS	3,882	5,913	9,795	2,273	2,685	4,958	(4,837)	-49%
<i>minority interest</i>	1,046	2,137	3,183	33	(313)	(280)	(3,463)	-109%

* The amounts do not include the User Acquisition expenses from soft launch, which are – in accordance with the accounting policy – charged to development costs.

** In 2021 – valuation of the call option for Level-Up First S.à.r.l. for purchase of 112 SuperScale shares from the Company. In 2022 – measurement of Superscale Sp. z o.o. shares to fair value.

In the period covered by this report, the Group's total revenue (PLN 148.1 million) was 30% up versus the analogical period in the previous year (PLN 113.6 million). The growth was driven mainly by Mid-Core games – if we compare the six months ended on 30 June 2022 and the analogical period of 2021, the revenue from those games was up by approximately 101%. This led to a major increase in revenue from micropayments, which was PLN 41.2 million in the current period (87% up YoY). Revenue from advertisements were PLN 105.5 million, which was up by 16% versus the analogical period in the previous year.

The increase in revenue on games was accompanied by an increase in cost of sales. The cost of sales in the analysed period of 2022 was PLN 136.3 million, which was PLN 39.4 million (41%) down from the analogical period in 2021 (PLN 96.9 million). The increase resulted mainly from the higher User Acquisition costs, which were PLN 89.4 million and were PLN 24.7 million (i.e. 38%) up from the 1st half of 2021. From a nominal perspective, the costs of rev

share and platform commissions also increased while the share of those costs in relation to revenue remained similar to that in the analogical period of the previous year.

In the current reporting period, the Group was also involved in blockchain-based projects, pursued through the new companies in the Group's structure, i.e. BoomLand FZ-LLC and PlayEmber FZ-LLC. The total expenses incurred in connection with the execution of the projects was PLN 4.6 million in the 1st half of 2022, of which PLN 3.0 million was recognised in the profit and loss account.

The growing scale and scope of the Group's business and the growing portfolio of games were accompanied by higher staff costs, recognised in cost of sales, which were PLN 10.0 million in the 1st half of 2022 – PLN 1.7 million up from the analogical period in the previous year. The increase arises from the higher game prototyping costs and higher maintenance costs of existing games when compared to the 1st half of 2021. In accordance with the Group's accounting policy, game maintenance costs are charged to the profit and loss account. Furthermore, in the 1st half of 2022, the Group incurred PLN 0.4 million of staff costs in connection with the development of the blockchain projects. Through BoomHits Sp. z o.o., the Group continued to work with foreign developer teams specialising in Hyper-Casual games. The related expenses were PLN 4.0 million in the current period (versus PLN 2.9 million in the 1st half of 2021).

General administrative costs increased by 68%, i.e. by PLN 3.3 million versus the 1st half of 2021 and they were PLN 8.1 million. This growth was caused mainly by blockchain project development costs of PLN 1.6 million, which consisted e.g. of the costs of incorporating the companies in the United Arab Emirates, the costs of law firms and the costs of recruiting blockchain specialists. Furthermore, a provision for a bonus for the Directors of PLN 0.7 million was recognised in the costs of the 1st half of 2022 (in the previous year, the provision for the bonus for the Directors was charged entirely to Q4).

EBITDA (calculated as operating result less depreciation) was PLN 11.8 million in the current period (versus PLN 18.4 million in the previous year), while net profit adjusted by one-off events was PLN 5.0 million (versus LN 9.8 in the analogical period last year).

The effective tax rate of the Group in the analysed period was 7.1%, which is a drop from the 18.3% in the 1st half of 2021. The change arises mainly from the inclusion of the IP Box tax relief of PLN 1.3 million in the tax return for 2021.

The Group's total assets as at 30 June 2022 were PLN 134.3 million, i.e. PLN 14.7 million up from 2021. The increase in assets was mainly due to trade receivables, the balance of which was PLN 39.1 million, i.e. PLN 8.7 million up from 31 December 2021. The increase in receivables was the outcome of higher sales recorded in May and June 2022 versus November and December the year before. In connection with the positive cash flows generated by the Group in the 1st half of 2022, the cash flow balance was PLN 39.0 million, which was PLN 5.7 million up from 31 December 2021 (PLN 33.3 million).

The most important amount in other receivables is VAT receivables (PLN 6.7 million at the end of the current reporting period versus the PLN 7.3 million at the end of 2021).

As far as liabilities are concerned, the total liabilities were PLN 58.1 million, which was a PLN 17.5 million increase versus the balance at the end of December 2021. The increase was the outcome of change in short-term liabilities (up by PLN 18.2 million), which resulted mainly from a PLN 9.4 million increase in trade liabilities (higher User Acquisition expenses) and dividend liabilities of PLN 7.4 million (dividend payment date was set as 18 July 2022).

1.2 Area of game development and publishing

Until the preparation of this report, the Group and its affiliates released a total of 19 games on iOS and Android, including 17 Hyper-Casual and 2 Mid-Core games and 26 games released in the Premium model on Nintendo Switch and Steam.

The most important titles released in 2022 by the publication date of this report are presented in the table below.

Name of the Game	Description	Images
<p>Shopping Sort (released on 07 February 2022)</p> 	<p>Hyper-Casual</p> <p>Something for all kinds of shopping lovers. A game that requires the player to seek and take advantage of the best bargains. Only a player who follows the prices carefully and skilfully can take advantage of promo codes and make a deal of a lifetime.</p> <p>Main source of revenue: advertisements</p>	
<p>Grass Master (released on 11 February 2022)</p> 	<p>Hyper-Casual</p> <p>A relaxing lawn mower simulator to let the player loosen up and discover satisfaction in seemingly simple tasks. As the gameplay progresses, the player unlocks new and better machines to work faster and more efficiently.</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. Players make a number of decisions to shape the life of their pets.</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. 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>	

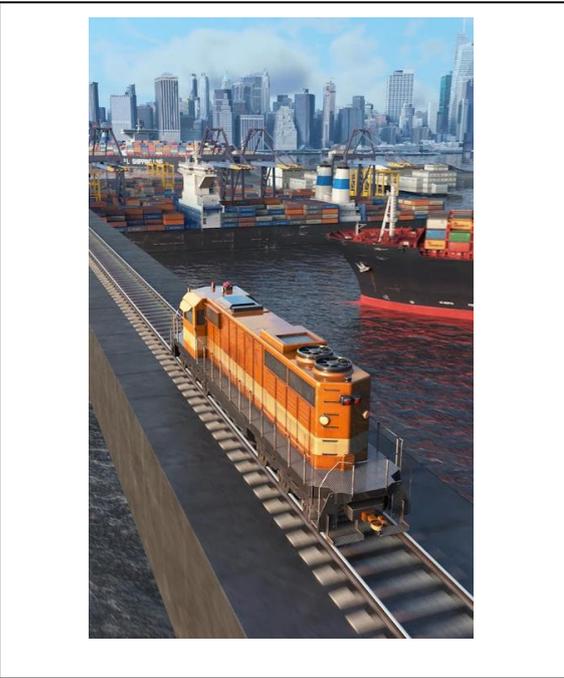
Train Ramp Jumping
 (released on 8 March 2022)



Hyper-Casual

Another stuntman game with trains in our portfolio. Train Ramp Jumping has steep ramps, huge machines and incredible crashes. Don't try it at home but it is tremendous fun to crash large trains!

Main source of revenue: advertisements



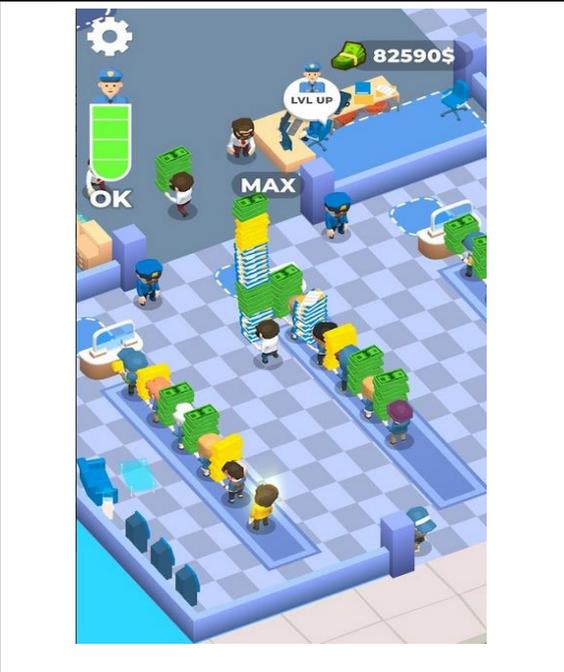
Bank Job: Idle Business
 (released on 8 April 2022)

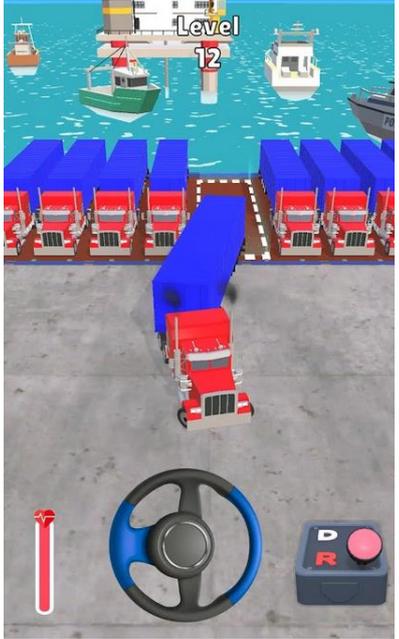


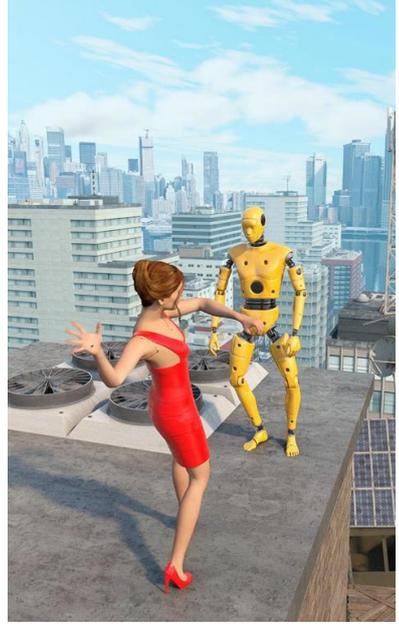
Hyper-Casual

What is it like to be a finance shark, run your own bank, have control over the money of millions of people and wallow in cash? Live this fantasy with Bank Job: Idle Business. Install new safes, improve your staff, defend attacks and... literally print money! Money making has never been so easy... What a shame it is just a game.

Main source of revenue: advertisements



<p>Try to Fly (released on 11 April 2022)</p> 	<p>Hyper-Casual</p> <p>The latest hyper-casual hit from BoomBit where you can live your wildest stuntman fantasies. This time they are about flying – not in the car, on the plane or even skiing but just like that, like a superhero. To be more precise, they involve flying attempts. Pluck up the courage, jump and see what happens!</p> <p>Main source of revenue: advertisements</p>	
<p>Cargo Truck Parking (released on 21 April 2022)</p> 	<p>Hyper-Casual</p> <p>It is not easy to be a truck driver. And this is not just about the weeks on the road, away from home. The true problem appears when you reach your destination – you need to park the beast somehow! Cargo Truck Parking is the challenge of squeezing a huge truck into a parking space. It may sound simple but don't be fooled! The player can choose from a wide range of trucks that can be additionally modified.</p> <p>Main source of revenue: advertisements</p>	

<p>Hyper Survive 3D (released on 31 May 2022)</p> 	<p>Hyper-Casual</p> <p>Surviving a zombie apocalypse is not easy, as you know from various films and other works of culture. To have a chance in a fight with an invasion of the undead, you need inventiveness, courage and perseverance. All three of those characteristics are also useful in Hyper Survive 3D! Players must take care of their equipment and survival centre in the battle with the enemy hordes.</p> <p>Main source of revenue: advertisements</p>	
<p>Falling Art Ragdoll Simulator (released on 28 June 2022)</p> 	<p>Hyper-Casual</p> <p>The joy of falling? Definitely! Falling Art is the game of exposing various characters to spectacular falls from heights. With the physics engine, observe realistic reactions of rag dolls without remorse – they are just three-dimensional models!</p> <p>Main source of revenue: advertisements</p>	

<p>Stuntman Ragdoll Action Movie (released on 12 September 2022)</p> 	<p>Hyper-Casual</p> <p>It's not easy to be a stuntman. Become one and experience film classics! Spectacular crashes, aerial evolutions and remarkable fights. All in the name of entertainment. After all, the viewer is always right!</p> <p>Main source of revenue: advertisements</p>	
<p>Plane Emergency Landing (released on 12 September 2022)</p> 	<p>Hyper-Casual</p> <p>Is the pilot on board? It doesn't seem like it! A crash is inevitable so how can you crash with style? The player sits behind the controls of various aircraft and does not have to worry about landing. After all, it's just a game! What matters is style and spectacular crashing!</p> <p>Main source of revenue: advertisements</p>	

2 Description of factors and events, also those of unusual nature, which had a significant impact on the consolidated financial statements

There were no major unusual factors and events which had a significant impact on the consolidated financial statements. The other major factors and events are described in section 1.

3 Changes in the organisation of the issuer's group

The changes in the organisation of the issuer's group are described in Note 2 of the condensed consolidated interim financial statements.

4 Position of the Board of Directors concerning the possibility of materialisation of the previously published profit/loss forecasts for the financial year

The Board of Directors of BoomBit S.A. did not publish forecasts for 2022.

5 Shareholders holding at least 5% of votes at the General Meeting and the shares held by the managing and supervisory staff

Shareholders with at least 5% of votes at the General Meeting as at the publication date of this semi-annual report (26 September 2022):

	Number of shares	Number of votes	Percentage of capital	Percentage of votes
Karolina Szablewska-Olejarz	1,838 839	2,838,839	13.62%	14.56%
Marcin Olejarz	1,867 850	2,867,850	13.82%	14.71%
ATM Grupa S.A.	4,000,000	6,000,000	29.63%	30.77%
We Are One Ltd.*	3,725,000	5,725,000	27.59%	29.36%
Other shareholders	2,068 311	2,068 311	15.34%	10.61%
	13,500,000	19,500,000	100.00%	100.00%

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

Mr Marcin Olejarz – the Issuer’s CEO acquired 1,565 shares on 09 June 2022 and 1,196 shares on 10 June 2022 (ESPI current report no. 22/2022).

Shareholders with at least 5% of votes at the General Meeting as at the publication date of the previous interim report, i.e. report for Q1 2022:

	Number of shares	Number of votes	Percentage of capital	Percentage of votes
Karolina Szablewska-Olejarz	1,838 839	2,838,839	13.62%	14.56%
Marcin Olejarz	1,865,089	2,865,089	13.82%	14.69%
ATM Grupa S.A.	4,000,000	6,000,000	29.63%	30.77%
We Are One Ltd.*	3,725,000	5,725,000	27.59%	29.36%
Other shareholders	2,071 072	2,071,072	15.34%	10.62%
	13,500,000	19,500,000	100.00%	100.00%

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

The shareholding by the management and supervisory staff is revealed in the above table (the other Directors and Supervisory Boards Members do not hold shares or rights thereto).

6 Major litigations

On 14 December 2020, the Company filed a claim for the overdue amounts plus interest to the District Court in Pirkanmaa (“Court”), which ruled in favour of the Company in a default judgment on 08 February 2021 and obligated the business partner to pay the debt. The judgment is not final but the business partner has not questioned the grounds for the payment so far; besides, the non-finality does not preclude 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. On 12 November 2021, the business partner submitted its written position to the Court. Another hearing took place on 31 August 2022, where the Court upheld its decision dated 08 February 2022, which makes it possible to once again initiate debt collection actions against the business partner.

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 the 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 this report.

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

7 Transactions with affiliates

Transactions with entities are described in Note 20 to the condensed consolidated interim financial statements. No contracts were signed within the group on any other than arm's length terms.

8 Information of suretyships or guarantees

The Group did not receive or give any suretyships or guarantees in the current reporting period.

9 Other information that, in the Issuer's opinion, is significant in order to evaluate its human resources, assets, financial position and profit/loss and changes thereof, as well as any information considered significant in order to evaluate the Issuer's capacity to meet its obligations

Mid-core games, mainly *Hunt Royale* and *Darts Club*, had a highly positive impact on the Group's results in the 1st half of 2022 as they accounted for about 37% of revenue (vs. 24% in the 1st half of 2021). Furthermore, the Group recorded satisfactory performance of Hyper-Casual games due to the wide game portfolio and successful premiers of new games in this segment. Revenue from Hyper-Casual games accounted for approximately 55% of the total revenue (vs. approximately 70% in the analogical period of the previous year).

The Group's prospects in the current financial year are closely correlated with the revised strategy of the Group (Current Report ESPI 4/2022). 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-and-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 monetisation method as an alternative to traditional methods (ads or micropayments). The Group is currently working on two independent projects of this type, run through the new companies in the Group's structure:

- BoomLand FZ-LLC – a blockchain/metaverse platform where Play-and-Earn games are to be released (more at boomland.io). On 31 August 2022, the Company signed a SAFT (Simple Agreement for Future Tokens) for sale of \$BOOM tokens for USD 400,000 with Polygon Ecosystem Master Fund Ltd. (payment in USDC tokens).
- PlayEmber FZ-LLC – a tool (SDK) for transforming traditional Free-to-Play mobile games into Play-and-Earn games (more at gitbook.io). The Company signed SAFTs for the sale of \$EMBR tokens and a business

agreement with NEAR Foundation for a total of about USD 2.05 million (payment in tokens USDC and NEAR).

Furthermore, the development of the Group's structure and scale, a shared services centre was set up at the Group (in Mindsense Games sp. z o.o.) at the beginning of 2022 to support the Group's companies in keeping the books and handling the HR & payroll tasks.

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 18 of the condensed standalone interim financial statements for period ended 30 June 2022 and Note 21 of the condensed consolidated interim financial statements for the period ended 30 June 2022) are designed to tie the people 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) 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) 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 an 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.

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 exchange 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 80% 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 20% 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.

10 Factors that the Issuer believes will influence its results for a period not shorter than the nearest quarter

In at least the nearest quarter, the results will be influenced by the implementation of the Group's strategy, débuts of new games and the activities described in Note 9 above.

11 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.

11.1 Risk factors related to the environment in which the BoomBit Group operates

Risks related to the macroeconomic environment

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

Risk related to the war in Ukraine

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 this report, 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 market in the revenue of the Company and the Group is not significant. The political and economic situation in Ukraine is monitored by the Group on an ongoing basis for its actual impact on the activity of the Group.

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.

Risk related to changes in tax legislation

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

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

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

Risk of additional legal restrictions

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

Risk related to personal data protection

Within its business, and especially in connection with running the business through the Internet and with a loyalty program, BoomBit S.A. is a controller of detailed personal data of particular customers and such data are protected under the Polish Personal Data Protection Act. Personal data are processed by the Group on the terms as defined in the applicable laws, and especially in the Polish Personal Data Protection Act and in the GDPR. Since BoomBit employees provide customer service, there is a risk of unauthorised disclosure of personal data, e.g. through illegal actions of an employee, or a risk of data loss as a result of failure of the IT systems used by the Group.

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

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

Risk of changes to privacy rules

The Group 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 two 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 USD, EUR and GBP. 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 and in GBP, any appreciation of these currencies 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 the situation in the advertising industry

The most important item of the BoomBit Group's revenue is currently revenue on advertising. As a consequence, the situation in the advertising industry is a factor that determines the profit/loss of the BoomBit Group. The advertising industry, including the online advertising industry, is highly vulnerable to economy fluctuations. Quick economic growth as measured by the GDP growth is conducive to the growth of that market, while a mere GDP growth slowdown may significantly reduce the value of advertising expenses. A risk of a considerable drop of demand on the part of advertisers during bad economy cannot be ruled out; it could result in a drop in revenue and deterioration of the BoomBit Group's financial standing. The risk of bad economy in the industry is closely tied to the situation in the market of mobile games because games represent the majority of advertisements displayed inside apps. The risk factor may have a negative impact on the business, financial standing, growth prospects, performance of the BoomBit Group or the market price of shares.

Competition risk

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

Risk related to consolidation of competitors

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

Risk of becoming dependent on key distributors

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

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

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

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

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

The BoomBit Group also identifies dependency on the entities running the largest media agencies in the market. The revenue on the advertisements displayed inside the games released by the BoomBit Group is currently the most important item of the Group's revenue. Change in the policy of media agencies as regards advertisement display

prices, change in the availability of advertisements, deterioration of the BoomBit Group's relations with the largest entities and their bankruptcy will require the BoomBit Group to adapt to the situation, which may be hard to achieve over a short period and may generate additional high costs.

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

Risk of unforeseen trends

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

Risk that a game will not be promoted by the distributors

The games being featured on the sales platforms and promoted by the key distributors of the BoomBit Group's games are factors substantially contributing to the sales of the BoomBit Group's products. At the same time, the BoomBit Group has no impact on the featuring by the distributors. So there is a risk that a game of the BoomBit Group will not be featured, which may result in lower than expected interest in the Group's product on the part of the consumers and, consequently, affect the product sales. 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:

- (i) 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
- (ii) the supplier of the technology may be affected by certain events or circumstances which will result in the technology no longer being developed or being completely withdrawn from the market.

Materialisation of either risk factor would hinder the development of new games and the modernisation or revision of previously produced apps. The BoomBit Group uses also elements supplied by third parties in its business. The activity of the BoomBit Group in the development and, in certain cases, promotion of games depends on having a licence or consent granted by third parties. Termination of licence agreements for whatever reason may actually

prevent the dissemination of the BoomBit Group's games and thus adversely affect its financial results. The risk arises e.g. with respect to Unity 3D. The risk factor may have a negative impact on the business, financial standing, growth prospects, performance of the BoomBit Group or the market price of the 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.

Risk related to loss of key team members and staff turnover

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

Risk related to delays in game development

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

Risk of deterioration of the image of the BoomBit Group

The image of the BoomBit Group is influenced by opinions of consumers, and especially opinions posted online, in particular through specialised game review websites and on distribution platforms. Distribution takes place mainly through digital channels so negative opinions may cause the customers and business partners of the BoomBit Group to lose trust and may affect the Group's reputation. The image of the BoomBit Group may also be affected by unpredicted errors in the game code which make it hard or impossible to use it. This could adversely affect the financial results of the BoomBit Group.

Risk related to litigations and administrative proceedings

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

Risk related to loss of financial liquidity

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

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

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

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

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

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

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

The domestic market is governed by the Polish Copyright and Related Rights Act of 4 February 1994. Under that Act, works may be protected under copyright, with work understood as any manifestation of individual creative activity, however recorded, notwithstanding its value, intended use or creation method. So the games made by the BoomBit Group fall within the definition of a work, which makes the BoomBit Group the holder of copyright in such games. So the Group has the remedies laid down in Polish to protect its copyright and prevent copyright infringement. However, there is a risk that no analogical protection is provided to game developers by the law of other countries where the BoomBit Group's products are offered. In particular, some systems may not treat game developers as holders of

copyright. As a result, there is a risk that infringements of the BoomBit Group's copyright will continue for a long time and will affect the BoomBit Group's operating activity and financial results.

Risk related to transactions with affiliates

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

Risk related to inadequate insurance cover

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

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

Due to events beyond the control of the BoomBit Group, especially of legal, economic or social nature, the BoomBit Group may have trouble achieving objectives and executing its strategy or may be unable to execute it at all. 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.

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

Risk of new platform and technology launches

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

Risk of foreign governing law in contracts

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

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

Risk that a game will not be successful in the market

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

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

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

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

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

Risk of claims related to intellectual property rights

In its activity, the BoomBit Group uses 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 expiration of a right held by the BoomBit Group (e.g. as a result of licence expiration 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 expiration 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. 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 Group's basic operations BoomBit in particular years.

11.2 Risk factors related to the capital risk

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 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. Considering the shareholding structure, it cannot be ruled out after the IPO and the listing of BoomBit in the stock market that the interests of minority shareholders may differ from the interests of the major 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 failure to comply with the information requirements imposed on public companies

Public companies listed in the regulated market of the stock exchange Gielda Papierów Wartościowych w Warszawie SA 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. 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.

VI. STATEMENT OF THE BOARD OF DIRECTORS

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

confirms that, to the best of their knowledge, the condensed consolidated interim financial statements 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.

This condensed consolidated interim report for the 6 months ended 30 June 2022 was approved for publication on 26 September 2022.

Marcin Olejarz
CEO

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

Marek Pertkiewicz
Director