BOOMBIT S.A. GROUP
CONSOLIDATED FINANCIAL STATEMENTS

for 2023

GDAŃSK, 18 APRIL 2024

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(All amounts given in thousand zloty (PLN '000) unless specified otherwise)

Consolidated statement of comprehensive income

	Note	12 months ended 31 December 2023 (audited)	12 months ended 31 December 2022 (audited)
Revenue on sales of services	8	245,536	294,040
Cost of sales	9	(218,639)	(267,678)
Gross profit on sales		**26897**	**26362**
General administrative costs	9	(16,872)	(16,329)
Other operating revenue	10	305	2,647
Other operating costs	10	(6,404)	(1,702)
Operating profit/loss		**3,926**	**10,978**
Financial revenue	11	10,563	272
Financial costs	11	(180)	(2,187)
Profit/loss before tax		**14,309**	**9,063**
Income tax	12	(4,774)	174
Profit (loss) on continued operations		**9,535**	**9,237**
Profit (loss) on discontinued operations			
Net profit/loss		**9535**	**9237**
Other comprehensive income			
Items that may be reclassified to profit/loss in the future:		(394)	(2,178)
Exchange differences		(394)	(2,178)
Other comprehensive income		**(394)**	**(2,178)**
Total comprehensive income		**9,141**	**7,059**
- attributable to shareholders of the parent		15,029	11,059
- attributable to minority interest		(5,888)	(4,000)
Net profit/loss			
- attributable to shareholders of the parent		15,811	13,237
- attributable to minority interest		(6,276)	(4,000)

Profit/loss per share attributable to shareholders of the parent company during the period (expressed as PLN per share)

Earnings per share

	Note	2023	2022
Basic	13	**1.17**	**0.98**
on continued operations		1.17	0.98
on discontinued operations		0	0
Diluted	13	**1.17**	**0.98**
on continued operations		1.17	0.98
on discontinued operations		0	0

(All amounts given in thousand zloty (PLN '000) unless specified otherwise)

Consolidated statement of financial position

	Note	31 December 2023 (audited)	31 December 2022 (audited)
Tangible assets			
Property, plant and equipment	15.16	1,896	2,213
Intangible assets	17	37,612	24,824
Goodwill	18	14,818	15,673
Shares	24	13,308	3,509
Other financial assets	24	0	2,243
Deferred income tax asset	12	2,678	2,360
		70,312	**50,822**
Current assets			
Trade and other receivables	20	36,664	37,545
Income tax receivables	12	659	366
Cryptographic assets	19	2,507	6,314
Cash and cash equivalents	21	31,683	44,997
Current assets other than tangible assets held for sale		**71,513**	**89,222**
Assets held for sale		0	0
Current assets		**71,513**	**89,222**
Total assets		**141,825**	**140,044**
Equity			
Equity attributable to shareholders of the parent			
Share capital	22	6,770	6,750
Capital from share premium		32,063	32,063
Exchange differences on translation of foreign operations		-70	712
Equity from share-based payments	25	6,952	5,508
Retained earnings		29,318	32,699
		75,033	77,732
Equity attributable to minority interest		-1,460	-4,127
Total equity		**73,573**	**73,605**
Liabilities			
Long-term liabilities			
Deferred income tax liabilities	12	6,775	2,319
Other financial liabilities	24	150	187
		6,925	2,506
Short-term liabilities			
Other financial liabilities	24	978	21,657
Trade and other liabilities	23	60,041	40,639
Income tax liabilities		308	1,637
Short-term liabilities not held for sale		61,327	63,933
Short-term liabilities held for sale		0	0
Short-term liabilities		61,327	63,933
Total liabilities		**68,252**	**66,439**
Total equity and liabilities		**141,825**	**140,044**

(All amounts given in thousand zloty (PLN '000) unless specified otherwise)

Consolidated 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 2023 (audited)		**6,750**	**32,063**	**712**	**5,508**	**32,699**	**77,732**	**-4,127**	**73,605**
Net profit (loss)		**0**	**0**	**0**	**0**	**15,811**	**15,811**	**-6,276**	**9,535**
Other comprehensive income		**0**	**0**	**-782**	**0**	**0**	**-782**	**388**	**-394**
Comprehensive income		**0**	**0**	**-782**	**0**	**15,811**	**15,029**	**-5,888**	**9,141**
Capital increase	25	20	0	0	0	0	**20**	0	**20**
Increase (reduction) arising from acquisition of a subsidiary		0	0	0	0	-8,754	**-8,754**	8,766	**12**
Disbursements to owners		0	0	0	0	-10,438	**-10,438**	-553	**-10,991**
Share-based payments	25	0	0	0	1,444	0	**1,444**	342	**1,786**
Changes in equity		**20**	**0**	**-782**	**1,444**	**-3,381**	**-2,699**	**2,667**	**-32**
As at 31 December 2023 (audited)		**6,770**	**32,063**	**-70**	**6,952**	**29,318**	**75,033**	**-1,460**	**73,573**

As at 1 January 2022 (audited)	**Note**	**6,710**	**32,063**	**2,890**	**3,788**	**30,414**	**75,865**	**3,206**	**79,071**
Net profit (loss)		**0**	**0**	**0**	**0**	**13,237**	**13,237**	**-4,000**	**9,237**
Other comprehensive income		**0**	**0**	**-2,178**	**0**	**0**	**-2,178**	**0**	**-2,178**
Comprehensive income		**0**	**0**	**-2,178**	**0**	**13,237**	**11,059**	**-4,000**	**7,059**
Capital increase		40	**0**	**0**	**0**	**0**	**40**	0	**40**
Increase (reduction) arising from acquisition of a subsidiary		**0**	**0**	0	0	-1	**-1**	2	**1**
Disbursements to owners		**0**	**0**	0	0	-10,951	**-10,951**	-3,335	**-14,286**
Share-based payments	25	0	0	0	1,720	0	**1,720**	0	**1,720**
Changes in equity		**40**	**0**	**-2,178**	**1,720**	**2,285**	**1,867**	**-7,333**	**-5,466**
As at 31 December 2022 (audited)		**6,750**	**32,063**	**712**	**5,508**	**32,699**	**77,732**	**-4,127**	**73,605**

(All amounts given in thousand zloty (PLN '000) unless specified otherwise)

Consolidated cash flow statement

	Note	12 months ended 31 December 2023 *(audited)*	12 months ended 31 December 2022 *(audited)*
Profit/loss before tax		**14,309**	**9,063**
Adjustments:		**9,120**	**37,838**
Amortization	15.17	11,873	12,503
Impairment loss on development cost	17	2,271	309
Foreign exchange profit (loss)		1,095	-771
Interest revenue		-827	-140
Interest cost		77	20
Profit (loss) on investment activities		-252	5
Change in the balance of receivables	26	683	787
Change in liabilities	26	-1,847	27,962
Change in cryptographic assets		3,807	-6,914
Settlement of share-based payment costs	25	1,785	1,720
Impairment loss on receivables and other financial assets	20.24	254	1,458
Profit (loss) from fair value measurement		-9,799	899
Cash flows from activity		**23,429**	**46,901**
Income tax (paid) / refunded	12	-2,331	-2,619
Net cash flows from operating activity		**21,098**	**44,282**
Investment activity			
Sale of property, plant and equipment and intangible assets		404	10
Sale of other shares		0	1,593
Proceeds from repayment of loans granted		2,027	0
Interest received		869	0
Acquisition of subsidiaries		-12	1
Acquisition of property, plant and equipment	15	-627	-1,595
Expenditure on intangible assets	17	-26,924	-18,228
Net cash flows from investment activity		**-24,263**	**-18,219**
Financial activity			
Capital increase	25	0	60
Proceeds from loans and borrowings	24	120	81
Dividends		-10,438	-13,686
Repayment of lease liabilities	16	-151	-183
Interest	16	-65	-20
Net cash flows from financial activity		**-10,534**	**-13,748**
Cash flows before exchange differences		**-13,699**	**12,315**
Net foreign exchange differences on cash and cash equivalents		385	-613
Total net cash flows		**-13,314**	**11,702**
Cash opening balance		44,997	33,295
Cash closing balance, including:		**31,683**	**44997**
- of limited disposability		0	0

(All amounts given in thousand zloty (PLN '000) unless specified otherwise)

1 General

Address of the company's registered office – 80-283 Gdańsk, Poland, ul. Zacna 2

Country of registration - Poland

Description of the nature and the core activity – Development and publishing of computer games

Registered office: Poland, 80-283 Gdańsk, ul. Zacna 2

Legal form of the entity – Polish joint stock company entered in the National Court Register (KRS): Gdańsk-Północ District Court in Gdańsk, 7th Commercial Division of the National Court Register; KRS number 0000740933, registered on 23 July 2018

Name of the reporting company – BoomBit S.A.

Primary place of business – Poland, 80-283 Gdańsk ul. Zacna 2

The Company's presentation currency is PLN. The financial data are presented as rounded to the nearest thousand PLN, unless specified otherwise.

The consolidated financial statements include the financial data of the BoomBit S.A. Group.

The Group's consolidated financial statements cover the 12 months ended 31 December 2023 and they contain comparative data for the 12 months ended 31 December 2022 and data as at 31 December 2022.

2 Group structure

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. The consolidated financial statements for the 12 months ended 31 December 2023 covered data of the entities listed in the table below:

Name of 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
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

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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	100% - through BoomHits	24 August 2021
PlayEmber Sp. z o.o.	Gdańsk, Poland	publishing of computer games	subsidiary/full	50% - through ADC Games	6 September 2021
BoomPick 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	100%	6 May 2022
PlayEmber FZ-LLC	Rakez, United Arab Emirates	blockchain-based projects	subsidiary/full	50% - through ADC Games	17 June 2022
BoomLand Global Sp. z o.o.	Gdańsk, Poland	service activities for blockchain-based projects	subsidiary/full	100% through BoomLand FZ-LLC	14 September 2023
Mobile Esports Sp. z o.o.	Gdańsk, Poland	mobile e-sport platform	subsidiary/full	51%	6 July 2023

- On 28 February 2023, the liquidation of Moondrip Sp o.o. commenced. Sp. z o.o. under liquidation was deleted from the National Court Register on 31 October 2023.
- On 05 September 2023, the parent company acquired 52 shares of Mobile Esports Sp. z o.o. ("Mobile Esports") for PLN 4,000, which was 51% of its share capital. At the moment of the acquisition, Mobile Esports was not engaged in any operating activities. ME will use its original free-to-play platform to offer users a possibility of taking part in competitions where they can win real prizes. From the perspective of developers, the platform will be an alternative user acquisition channel.
- On 06 September 2023, BoomLand FZ-LLC acquired 95 shares of BoomLand Global Sp. z o.o. ("BoomLand Global") for PLN 5,000, which was 95% of its share capital. On 21 September, it bought the remaining shares from the Vice-President of the Board of Directors and it owns 100% of the company shares. At the moment of the acquisition, BoomLand Global was not engaged in any operating activities. BoomLand Global is currently engaged in service activities for blockchain-based projects.
- On 12 September 2023, BoomHits Sp. z o.o. purchased 50% of SkyLoft Sp. z o.o. shares for PLN 2,500, thus consolidating its control of the company and becoming the holder of 100% of the shares. SkyLoft has been controlled by the Group since 2021.
- BoomLand FZ-LLC was founded on 06 May 2022. The company was incorporated under the laws of the United Arab Emirates. As at the company formation date, Anibal Jose Da Cunha Saraiva Soares, the Vice-President of the Company, was 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 organizational structure) under the laws of the United Arab Emirates (or any other jurisdiction agreed between the parties), who will act in the areas of tokenization, 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. Although the Company does not hold more than 50% of shares of the Entity, it believes it has been controlling BoomLand FZ-LLC since the moment of its formation.

Pursuant to the investment contract concluded with the Vice-President of the Board of Directors on 30 June 2022, BoomBit S.A. signed a contract on 12 October 2023 for the purchase of 100% of BoomLand FZ-LLC shares for USD 100.

- A company under the name PlayEmber FZ-LLC was founded on 17 June 2022. The company was incorporated under the laws of the United Arab Emirates. As at the formation date, Hugo Furneaux ("Shareholder"), a Director of ADC Games sp. z o.o. ("ADC"), was its sole shareholder. 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 organizational structure) under the laws of the United Arab Emirates (or any other jurisdiction agreed between the parties), who will act in the areas of tokenization, 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. Although ADC does not hold more than 50% of shares of the Entity, it believes it has been controlling PlayEmber FZ-LLC since the moment of its formation.

  Pursuant to the investment contract concluded with the Shareholder Directors on 18 August 2022, ADC Games signed a contract on 21 December 2023 for the purchase of 100% of PlayEmber FZ-LLC shares for USD 100.

- On 10 April 2024, the liquidation of SkyLoft Sp o.o. opened.

3 The basis for preparing the statements

These consolidated financial statements were prepared in accordance with the International Financial Reporting Standards (IFRS), including International Accounting Standards (IAS), Interpretations of the Standing Interpretations Committee (SIC), and the International Financial Reporting Interpretations Committee's (IFRIC), which were approved by the European Union (EU) and became effective on 31 December 2022. The International Financial Reporting Standards approved by the EU include standards and interpretations approved by the International Accounting Standards Board ("IASB"). When it comes to the EU's process of introducing the IFRS, the IFRS that applied to these financial statements on the day when the statements were approved for publication did not differ from the EU's IFRS.

The consolidated 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 consolidated financial statements, and that there were no signs of any threat to the Group's continuation as a going concern.

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

3.1. Changes without material impact on the Group's financial statements:

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) 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),

e) Amendments to IAS 12 "Income Tax" – Pillar Two global minimum income tax, the main purpose is to implement solutions increasing effective taxing of the largest capital groups (applicable to the annual periods starting on 1 January 2023 or later).

The above changes to the existing standards had no material impact on the annual consolidated financial statements of the Group for the year ended 31 December 2023.

3.2. 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) IFRS 14 "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 14 is issued.

b) Amendments to IAS 1 "Presentation of Financial Statements" – Classification of Liabilities as Current or Non-current, approved by the EU (applicable to the annual periods starting on 1 January 2024 or later).

c) 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).

d) Amendments to IAS 16 "Lease" – lease liabilities in sale and leaseback transactions, approved by the EU (applicable to the annual periods starting on 1 January 2024 or later).

e) Amendments to IAS 21 "The Effects of Changes in Foreign Exchange Rates" – lack of exchangeability, not approved by the EU (applicable to the annual periods starting on 1 January 2025 or later).

f) Amendments to IAS 7 "Statement of Cash Flows" and IFRS 7 "Financial Instruments: Disclosures" – agreements for the financing of amounts owed to suppliers. The amendments were published on 25 May 2023, and their purpose is to increase the transparency as regards supplier financing agreements and their impact on the liabilities of a company, cash flows, and the liquidity risk exposure; not approved by the EU (applicable to the annual periods starting on 1 January 2025 or later).

By the approval date of these 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 has already been published but is not yet effective under the EU laws.

3.3. Major accounting principles applied by the Group

Key accounting principles applied in the preparation of these consolidated financial statements are presented below. These principles were applied consistently throughout all the reporting years.

a) Consolidation

Subsidiaries

Subsidiaries are fully consolidated as of the day on which the Group takes control over them. They are no longer subject to consolidation as of the day when the control ceases.

The Group controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Thus, the Group controls an investee if and only if the Group has all the following:

- power over the investee;
- exposure, or rights, to variable returns from its involvement with the investee;
- the ability to use its power over the investee to affect the amount of the investor's returns.

While assessing the issue of control over the investee, the investment considers the purpose and model of the investee in order to identify relevant activities, the decision-making process for those activities, the entity with the rights that give it the current ability to direct the relevant activities, and the beneficiary of the returns obtained as a result of those activities.

Assessing whether the parent company controls an entity requires, for instance, establishing if it has the right to direct the entity's relevant activity. Defining such material activity of the company and identifying the investor that controls it requires applying judgment. The situation and the materiality of the ties are assessed based on the voting right, relatively the interest held, the dispersion of the voting rights held by other investors, the scope of involvements of such investors in appointing the key management or supervisory board members.

The Group re-assesses whether or not it controls an investee if the facts and circumstances suggest that one or several elements of control have changed.

Balance sheet date of the parent and the subsidiaries

The financial statements of the parent and its subsidiaries used to prepare these consolidated financial statements present the status on the same balance sheet date. If the end of the reporting period of the parent is different than the reporting period of a subsidiary, the subsidiary prepares, for consolidation purposes, additional financial information for the same date for which the financial statements of the parent is prepared in order to enable to parent to consolidate the financial information of the subsidiary, unless this is not feasible.

As at 31 December 2023, the Group has subsidiaries which have a different financial year than that of the parent; these are: Maisly Games Sp. z o.o., TapNice S.A., SkyLoft Sp. z o.o., ADC Games Sp. z o.o., BoomPick Sp. z o.o., and PlayEmber Sp. z o.o. The financial year of the companies is 12 months, from 1 July to 30 June the following year. In order to prepare these consolidated financial statements, additional information as at 31 December 2023 was prepared for the above companies.

The acquisition of subsidiaries by the Group is settled according to the acquisition method. The acquisition cost is established as the fair value of the assets transferred, equity instruments issued and liabilities contracted or taken over as at the exchange date. The identifiable acquired assets, liabilities, and contingent liabilities taken over as a result of the business combination are initially measured at their fair value as at the acquisition date, notwithstanding the size of the non-controlling shares. The value of the acquisition cost above the fair value of the Group's share in the identifiable acquired net assets is recognized as goodwill. If the acquisition cost is lower than the fair value of the net assets of the acquired subsidiary, the difference is recognized directly in the consolidated statement of comprehensive income.

Revenue, costs, settlements, and unrealized gains on intercompany transactions are eliminated. And so are unrealized losses. Where necessary, the accounting principles applied by subsidiaries are subject to changes to ensure compliance with the accounting principles applied by the Group.

Non-controlling interest and transactions with non-controlling shareholders

Changes in the Group's ownership interest which do not result in loss of control over a subsidiary are recognized as capital transactions. Adjustments of the carrying values of controlling and non-controlling interest account for changes of shares in the ownership of the subsidiary. Differences between the amount payable for share increase or reduction and the carrying value of the respective non-controlling interest are disclosed directly in the share capital attributable to the controlling interest.

Joint ventures

The Group classifies interest in joint ventures that are contractual joint ventures, with the co-controlling parties having the right to the net assets of that entity, as investment measured according to the equity method. Co-control occurs wherever decisions related to the relevant activity of joint ventures require unanimous consent of the co-controlling parties.

The Group's investments in joint ventures are disclosed in the consolidated financial statements according to the equity method. As per the equity method, an investment in a joint venture is initially recognized according to cost and then adjusted to account for the Group's interest in profit/loss and in other comprehensive income of the affiliate or the joint venture. If the Group's share in losses of a joint venture exceeds the value of its shares in that entity, the Group no longer discloses its interest in any further losses. Additional losses are only disclosed to the extent corresponding to the legal or customary liabilities accepted by the Group or payments made on behalf of the joint venture.

Investment in a joint venture is disclosed according to the equity method as of the date when the entity becomes a joint EC an affiliate. On the date of investing in a joint venture, the amount by which the investment costs exceed the value of the Group's share in the net fair value of identifiable assets and liabilities of that entity is disclosed as goodwill and is included in the carrying amount for that investment. The amount by which the Group's share in the net fair value of identifiable assets and liabilities exceeds the investment costs is disclosed directly in profit/loss for the period in which the respective investment was made.

The need for disclosing impairment of the Group's investment in a joint venture is assessed based on IAS 28 sections 40-41C. If needed, the whole carrying value of an investment is tested for impairment in accordance with IAS 36 "Impairment of Assets" as a single asset, through comparison of its recoverable value versus its carrying value. The disclosed impairment is a part of the carrying value of the investment. Reversal of such impairment is disclosed in accordance with IAS 36 to an extent corresponding to the subsequent increase in the recoverable investment value.

b) Determination of functional currency

PLN is the functional currency and the reporting currency of the Parent and of the BoomBit Group.

This judgment was made by the Board of Directors of the parent company based on analysis of the currency in which the entity generated revenue and incurred costs. As per IAS 21.9, the parent's Board of Directors takes into account the following factors while determining its functional currency:

- the currency:
    - that mainly influences selling prices of goods and services (often the currency in which selling prices are denominated and settled); and
    - of the country whose competitive forces and regulations and market conditions have the main impact on the selling prices of its goods and services;
- the currency with the main impact on the cost of labor, materials, and other costs connected with delivery of goods or services (often the currency in which those costs are denominated or settled).

Revenue on sales of products (games) is generated primarily in dollars. So considering exclusively IAS 21.9(a), US dollar would be the functional currency of the Group. However, analysis of IAS 21.9(a)(ii) would not be as conclusive – the prices of games sold by the entity are not shaped by competitive forces and regulations present in the United States. Selling prices are denominated in US dollar due to the fact that the market of computer games is a global market where prices are global and are set for a global gamer. This means that selling prices of the games of the parent company are the same for gamers from Europe (including Poland), Asia, or the United States.

On the other hand, IAS 21.9(b), if analyzed on its own, would suggest that PLN is the functional currency of the Company BoomBit SA since the majority of the costs of functioning of BoomBit SA, including game development costs (mainly costs of salaries), are incurred in PLN.

Additionally, the Board of Directors analyzed IAS 21.10:

The following factors may also be helpful in establishing the functional currency of the entity:

- the currency in which funds from financing activities are generated (i.e., issue of debt and equity instruments);
- the currency in which net receipts from operating activities are retained.

The Group keeps money in bank accounts in Polish zloty, US dollar, pound sterling, and euro.

Taking into account the above facts and circumstances, the parent's Board of Directors decided that Polish zloty was the functional currency of the BoomBit Group.

c) Reporting related to operating segments

The presentation of operating segments is consistent with the internal reporting submitted to the chief operating decision-maker. The defined chief operating decision-maker in charge of resource allocation and assessment of the results of operating segments was the Board of Directors of BoomBit S.A.

d) Measurement of items denominated in foreign currencies

Conversion to the presentation currency

- The consolidated statement of financial position (except for equity) – average exchange rate as specified by the National Bank of Poland (NBP) at the end of the reporting period.

- Consolidated statement of comprehensive income – average exchange rate as specified by the National Bank of Poland (NBP) for the reporting period.
- Equities of companies that operate abroad – according to their balances on the date of the parent company taking control based on the average exchange rate as specified by the National Bank of Poland (NBP). The conversion is disclosed in such an amount in subsequent consolidated financial statements.

The resulting exchange differences are disclosed in a separate item of equity – "Exchange differences from translation of foreign unit."

Transactions and balances

Transactions expressed in foreign currencies are converted to the functional currency according to the exchange rate in effect on the transaction date or the measurement date if the items are subject to revaluation. Foreign exchange gains and losses arising from settlement of those transactions and from balance sheet valuation of financial assets and liabilities expressed in foreign currencies are disclosed in the consolidated statement of comprehensive income unless they are deferred in equity where they are eligible for being recognized as a security measure for cash flows and interest in net assets. Foreign exchange gains and losses, including ones related to loans, cash, and cash equivalents, are presented in the consolidated statement of comprehensive income in other revenue or other costs.

e) Property, plant and equipment

Property, plant and equipment is recognized at the historical cost less total depreciation and impairment losses.

Subsequent outlays are included in the carrying value of the respective fixed asset or are disclosed as a separate fixed asset (as appropriate) only when additional economic gains are likely to be generated on this item for the Group and provided that the cost of the given item can be reliably measured. The carrying value of replaced spare parts is removed from the consolidated statement of financial position. Any other costs of repairs and maintenance are charged to the statement of comprehensive income in the period when they were incurred.

Land is not subject to depreciation. Depreciation of other fixed assets is charged on the straight-line basis in order to spread their initial value (less the end value) over their useful lives, which are as follows for the respective groups of tangible assets:

- buildings and structures 25-40 years
- plant and machinery 10-15 years
- means of transport 3-5 years
- other fixed assets 5-8 years

The end values and useful lives of fixed assets are verified and, where required, changed for every balance sheet date. If the carrying value of a fixed asset exceeds its estimated recoverable amount, the carrying value is immediately written down to the level of the recoverable amount. Impairment losses are disclosed in the statement of comprehensive income in other operating costs.

Profits and losses on sale of fixed assets are established through comparison of proceeds from sale against their carrying value and are disclosed in the statement of comprehensive income in other operating revenue or in other operating costs.

The Group capitalizes the borrowing costs which may be directly attributable to the acquisition, construction, or manufacture of a qualifying asset as a part of the purchase price or cost of manufacture of that asset. Other borrowing costs are recognized as a cost for the period in which they were incurred.

f) Lease

The Group assesses whether a contract is or involves a lease at the moment of signing it. A contract is or involves a lease if it transfers the right to control the use of an identified asset for a specific period in return for a fee.

The Group adopts a consistent approach to disclosure and valuation of all leases, except for short-term leases and leases of low-value assets. The Group recognizes the asset arising from the right of use and a lease liability on the lease commencement date.

Right-of-use assets

The group recognizes right-of-use assets on the lease commencement date (i.e., the day when the underlying asset is available for use). Right-of-use assets are measured at cost less total depreciation charges and impairment losses. The cost of right-of-use assets includes the amount of the disclosed lease liabilities, the incurred direct initial costs and any lease payments made on or before the commencement date less any received lease incentives. Unless the Group has sufficient certainty that it acquires ownership of the leased object at the end of the lease period, the disclosed right-of-use assets are subject to straight-line depreciation throughout the shorter of: the estimated period of use or the lease period.

Lease liabilities

On the lease commencement date, the Group measures the lease liabilities in the current value of the lease fees outstanding on that date. Lease payments include fixed payments (including in-substance fixed lease payments) less any lease incentives, variable payments depending on an index or on the rate, and any payments expected within the guaranteed end value. Lease payments also include the price for the exercise of the lease option, provided that it can be assumed with sufficient certainty that it will be exercised by the Group, and payment of penalties for lease termination, if the terms of the lease permit lease termination by the Group. Variable lease payments that do not depend on any index or rate are disclosed as costs in the period where the event or condition leading to the payment occurs.

The Group uses the marginal interest rate of the lessee for the lease commencement date to calculate the current value of lease payments if the lease interest rate cannot be easily established. After the commencement date, the amount of lease liabilities is increased to reflect the interest and reduced by the lease payments already made. Furthermore, the carrying value of lease liabilities is subject to revaluation if the lease period changes, if the in-substance fixed lease payments change or if the judgment as to the purchase of the underlying assets changes.

Short-term lease and lease of low-value of assets

The Group applies exemption from recognition of short-term lease to its short-term lease contracts (i.e., contracts where the lease period after the commencement date is 12 months or shorter and where no lease option is available). The Group also applies exemption from recognition of the lease of low-value assets to its low-value lease. Lease payments for short-term lease and lease of low-value assets are disclosed as costs on a straight-line basis throughout the lease period.

While establishing the lease period, the Group defines the contract enforcement period. The lease is no longer enforceable when the lessor and the lessee each have a right to terminate the contract without permission from the other party with no more than an insignificant penalty. The Group assesses the materiality of penalties, in a broad sense of the word, i.e., it considers all material economic factors other than strictly contractual or financial to discourage contract termination (e.g., substantial investments in the leased object, availability of alternative solutions, relocation costs). If neither the Group nor the lessee or the lessor faces a substantial penalty (in a broad sense of the word) for termination, the lease is no longer enforceable and the lease period is the notice period.

g) Development costs and other intangible assets

Assets recognized as development costs are connected with costs incurred by the Group on:

- development of games, including blockchain-based games;
- a blockchain platform, which is a virtual ecosystem for games in the Play-and-Earn model;
- IT tools, including blockchain-based tool (hereinafter "tools").

Depending on the condition of the respective development cost (see description regarding the moment of transfer further in this Note) on the day ending the reporting period, development costs are disclosed as:

- costs of development work in progress,
- costs of completed development work.

Tools are internal original sets of universal functionalities representing ready-to-use IT solutions, including in particular ones that:

- make it possible to shorten the development process and to optimize game development costs,
- support the User Acquisition process,
- support data acquisition and analysis for more effective optimization of monetization, both for particular games and for the whole catalogue of games published or produced by the Group,
- SDK tools created for blockchain-based projects.

Development costs (for both work in progress and completed work) include costs that may be directly assigned to the activity of creating, producing, and adapting an asset to be used as intended by the management. The main part of the costs is salaries (of developers, graphic artists, game designers, testers, managers, etc.), costs of game translation to other languages, and costs related to the use of music in the games.

Criteria for recognition as a development cost

Work costs directly connected with designing and creating identifiable unique games and supporting tools controlled by the Group are recognized as development costs if they meet the criteria laid down in IAS 38.57.

The Group verifies whether the above criteria will make it possible to capitalize the costs incurred. The verification takes place:

- before the commencement of the respective design work and
- during the work, in order to check if any circumstances that would result in the need to stop the cost capitalization have arisen.

In order to verify if the criteria are met, the Group uses all the available information sources (internal and external). Here are the main factors confirming compliance with each of the criteria defined in IAS 38.57:

- Technical feasibility of the development work so that it can be used and sold – the games designed and produced by the Group are assumed to be operable on as many devices as possible. The following projects are not accepted for implementation:
  - where the technical requirements go beyond the current standards available in the market,
  - where the content is not accepted by the key distributors (Google Play, App Store).
- Intention to complete the development work – the Group's Board of Directors assesses whether the work on a specific game or on certain software should be commenced based on current and anticipated market tendencies related to game genres and based on the available market reports (e.g., App Annie). Depending on

the data obtained in the above analysis, a decision is made on whether to prepare a prototype or discontinue the works on the game. Once the initial game version is prepared, it is tested for (soft launch):

  - improvement of revenue factors (monetization),
  - analysis of user behavior and retention (percent of users who actively use the application).

Once the work on the game prototype starts, the status of design works is verified, including the achievement level of current budget assumptions. Based on that, the Board of Directors decides whether or not to continue working on the game.

- The possibility of using or selling the outputs of the development work:
  - each game produced by the Group can be released on one or more distribution platforms (e.g., iOS, Google) or sold (sale of rights in the game),
  - software is directly related to the development of games and it is regularly used in work on particular game titles.
- Likelihood of the respective development cost generating future economic gains:
  - every game released by the Group is adapted to generate proceeds from micropayments and the displayed advertisements via the distribution platforms available in the market,
  - the software supporting game development helps reduce the unit cost of development and increase the monetization potential.
- Availability of proper resources required to complete the work – at the start of the works, the Group provides the technical, competency, and financial resources required to complete the development process. In the midst of the projects, the Board of Directors, together with the managers of the respective projects, conducts cyclical overviews of the progress of the work (see the item below) and the availability of the necessary resources.
- Credible measurement of the costs incurred – the Group has appropriate IT and management accounting tools for detailed identification of current development costs. For every game/thematic group of games, cost budgets and proceed projections are prepared and verified on a cyclical basis by the Board of Directors and the project managers.

If any of the above conditions is not met, the costs incurred are recognized in cost of sales for the current period in the statement of comprehensive income.

The above analysis for compliance with the criteria of IAS 38.57 is performed in relation to costs of development work in progress. As of the moment the development work connected with the implementation of the respective project (game or software) is complete, and by extension as of the moment the respective asset is charged to the cost of completed development work, the above criteria are no longer subject to verification (see below Cost of completed development work – measurement).

<u>Costs of development work in progress – measurement</u>

Any costs incurred before the commencement of sale (hard launch) or before the application of new solutions are disclosed as cost of development work in progress.

Costs of development work in progress also apply to the game testing period (soft launch – where the game is available for free in several selected countries), which is the stage preceding the hard launch. The main purpose of soft launch is to improve the revenue (monetization) ratios for the games. It is achieved through gamer behavior analyses (advanced Business Intelligence methods) which helps improve game retention and pick the right items for sale. The soft launch period is each time subject to a business decision but it usually lasts from two to six months.

"Costs of development work in progress" are measured at purchase price/production cost less accumulated impairment losses.

Costs of completed development work – measurement

The moment the works end and the implementation costs of the respective projects are no longer recognized, costs are transferred from costs of development work in progress to costs of completed development work.

Costs of completed development work are measured at purchase price/production cost less accumulated amortization and accumulated impairment losses.

Moment of reclassification

Costs of development work in progress are reclassified to costs of completed development work the moment all the assets are in a condition allowing to use them as intended by the management.

Development work for blockchain games and platform

For games and blockchain platforms, 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 game has its main functionalities, satisfactory levels of quality ratios, and is released in the global market.

Development work for tools

In addition to the development costs related to games, the Group incurs development costs related to the development of supporting tools:

- Tools consisting of a set of algorithms, libraries, and functionalities that can be used for other software,
- IT tools intended for advertising management,
- Tools allowing multiple users to use a game simultaneously,
- Tools supporting monetization and user acquisition,
- Analytical tools (BI),
- Tools used for blockchain-based projects.

For supporting tools, development work in progress is reclassified to costs of completed development work upon the completion of testing of the proper functioning of the produced tools (positive result of the tests).

Period of use

Costs of development work in progress are not amortized but are subject to impairment testing.

Costs of completed development work have a finite useful life, they are amortized, and they are also subject to impairment testing where necessary.

The Group defined the following useful lives:

- games up to four years,
- tools up to five years.

The Group periodically, not later than at the end of financial year, verifies the adopted useful lives for the above intangible assets.

Amortization methods

Completed development works regarding games will be amortized for a period of up to four years.

In the remaining cases, the Group amortizes the costs on a straight-line basis over a maximum period of up to five years.

The amortization connected with development costs is presented in the statement of comprehensive income in cost of goods sold.

Impairment losses – presentation

Impairment losses for both continued and abandoned projects are recognized in the statement of comprehensive income in other operating costs.

Other intangible assets

Costs of purchased software are capitalized as the costs incurred to purchase it and to deliver it to the user. Software licenses are amortized for an estimated period of their use – from three to five years. Costs connected with maintenance of computer software are charged to costs the moment they are incurred.

h) Goodwill

The goodwill arising from acquisition of an entity is recognized based on the acquisition price, which is the amount by which the total of:

- the payment provided,
- the amount of all non-controlling interest in the target company and
- for a multi-stage amalgamation – the fair value as at the date of acquisition of the target company's capital interest, which used to be owned by the acquiring company, exceeds the net fair value (established as at the acquisition date) of all identifiable acquired assets and liabilities.

i) Impairment of non-financial assets

Assets with indefinite useful life, such as goodwill, and intangible assets which are not available for use yet (e.g., costs of development work in progress) are not amortized but are tested for impairment, either annually or whenever signs of their impairment arise. Assets subject to amortization are analyzed for impairment whenever any event or change in circumstances suggests that it might be impossible to recover their carrying value. An impairment loss is recognized in an amount by which the carrying value of an asset exceeds its recoverable amount. The recoverable amount is the higher of: the fair value of assets less the sales costs or the value-in-use. For the purpose of impairment analysis, assets are grouped at the lowest level for which separate identifiable cash flows exist (cash-generating units). Non-financial assets (other than goodwill) for which impairment has already been identified are assessed for every reporting period end date for a possibility of reversing the impairment loss.

j) Tangible assets held for sale

Tangible assets (or groups for sale) are classified as held for sale if their carrying amount is recovered primarily through sale and the sale is considered as highly probable. They are measured at the lower of: their carrying amount or fair value less costs of sale if their carrying amount is to be recovered primarily through sale and not through their further use.

k) Financial assets

The Group classifies financial assets into the following measurement categories:

- measured at amortized cost,
- measured at fair value through other comprehensive income,
- measured at fair value through profit or loss.

The Group assigns financial assets into categories depending on the financial asset management business model and on the characteristics of contractual cash flows for the respective financial assets.

Financial assets measured at amortized cost are debt instruments kept for the purpose of contractual flows, which include exclusively repayment of principal amounts and interest. The Group's trade receivables, cash and cash equivalents, and deposits are assets measured at amortized cost.

Financial assets are measured at amortized cost using the effective interest rate method.

After initial recognition, trade receivables are measured at amortized cost using the effective interest rate method, taking into account impairment losses; trade receivables with a maturity date below 12 months following the date when they arise (i.e., ones not containing the financing component) are not discounted and are measured at their par value.

Standardized financial asset purchase or sale transactions are disclosed as at the transaction date.

Financial assets are measured at fair value through profit or loss; net profits or losses on items measured at fair value through profit or loss do not include revenue from interest of dividends.

l) Fair value

The Group measures the following financial instruments: measured at fair value through other comprehensive income and measured at fair value through the financial result as at every balance sheet date. The fair value of financial instruments measured at amortized cost is disclosed in Note 24.

The fair value is understood as the price received from the sale of an asset or paid in order to transfer the liability in a transaction under ordinary sale terms of an asset between market participants as at the measurement date and at current market conditions. The fair value measurement is based on the assumption that the sale of an asset or the transfer of a liability takes place:

- on the main market for a given asset or liability,
- in the absence of the main market, on the best market for a given asset or liability.

The main market and the best market must be available to the Group.

The fair value of an asset or liability is measured with the assumption that the market participants act in their best economic interest when determining the price of an asset or liability.

The fair value measurement of a non-financial asset takes account of a market participant's ability to generate economic benefits by making the best use of an asset or by selling it to another market participant who could make the best use of such an asset.

The measurement methods applied by the Group are adequate to the circumstances and the available data for fair value measurement, with maximum use of adequate observable input data and minimum use of non-observable input data.

All assets and liabilities which are measured at fair value or whose fair value is disclosed in the financial statements are classified according to the following fair value hierarchy based on the lowest level of input data that is material for measurement of the fair value as a whole:

- 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.

As of each balance sheet date, for assets and liabilities on individual balance sheet dates in the financial statements, the Group evaluates whether there were transfers between the hierarchy levels by performing another reclassification to a given level based on the materiality of the input data from the lowest level which is material for fair value measurement as a whole.

m) Impairment of financial assets

IFRS 9 changed the approach to estimation of impairment of financial assets from the incurred loss model to the expected loss model. The most important financial assets in the Group's consolidated statement of financial position which are subject to the changed rules of calculating the expected credit losses are trade receivables. The Group assesses the expected credit losses for every balance sheet date whether or not any signs of impairment occurred.

<u>Trade receivables</u>

In relation to trade receivables, the Group applies, as it is allowed to by the standard, a simplified approach and measures the allowance for expected credit losses an amount equal to the expected credit losses throughout the whole useful life of the receivables. This approach arises from the fact that the Group's receivables do not include a significant financing component within the meaning of IFRS 15 Revenue from Contracts with Customers. In the simplified model, the Group does not monitor credit risk changes during the instrument's useful life, it estimates the expected credit loss within the horizon until the instrument maturity date.

Impairment loss determination stages:

- stage 1 – performing financial assets (applied where the credit risk of the assets has not increased significantly since the initial recognition);
- stage 2 – financial assets with deteriorated performance (applied for significant increase of credit risk versus the initial recognition);
- stage 3 – non-performing financial assets (applied if objective signs of impairment arise).

For stage 1, the Group determines the allowance for expected credit losses as expected credit losses for 12 months, and for stages 2 and 3 – as expected credit losses during the financial instrument lifecycle.

For every reporting period end date, the Group assesses if there are any reasons for classifying financial assets into particular stages for determining the impairment loss. In such an assessment, the Group relies on changes in the risk of financial instrument non-performance throughout the expected lifecycle, rather than changes in the amount of the expected credit losses. In order to perform the assessment, the Group compares the financial instrument non-performance risk as at the reporting date to the non-performance risk for that financial instrument as at the original recognition date, taking into account reasonable and documentable information which is available without excessive costs or effort and which points to a significant increase in the credit risk from the moment of original recognition.

The Group calculates impairment losses for customers on a provision matrix basis, where the impairment losses are established for receivables classified into various overdue payment brackets (except for those analyzed on a case-by-case basis as non-performing). The method accounts for historical data regarding credit losses (based on default rates established based on historical data regarding unpaid receivables analyzed for a three-year period) and the impact of material and identifiable future factors (e.g., market or microeconomic factors). The Group accounts for information regarding the future in its expected loss estimation model parameters by adjusting the baseline probability of default ratios.

In order to estimate the default rate for a business partner, the Group identified five overdue payment brackets:

- Not overdue,
- Up to 90 days past due,
- 91 to 180 days past due,
- 181 to 360 days past due,
- Over 360 days past due.

For each of the above brackets, the Group estimates a default rate which accounts for historical absence of payment for sales invoices by business partners in the three years preceding the year before the one for which the financial statements were prepared. The value of the expected credit loss is calculated as the value of receivables within the respective overdue payment bracket as multiplied by the calculated default rate. Concurrently, the following groups of business partners are identified within the conducted analyses:

- sole traders (due to the relatively large number of transactions insignificant in terms of amounts)
- corporations (mainly large advertising networks and mobile stores)

The Group treats a payment delay above 90 days as payment default.

In respect of trade receivables, the Group also accepts a possibility of defining the expected credit loss on a case-by-case basis. The above applies in particular to:

- receivables from debtors who are in liquidation or bankrupt,
- receivables which are disputed by debtors and which are past due,
- other overdue receivables, as well as receivables which are not past due but which bear a high risk of unrecoverability, as determined on a case-by-case basis by the Board of Directors (especially where the anticipated litigation and collection costs connected with claiming the debt are equal or higher than the claimed amount).

In those situations, the impairment loss for receivables may be equal to 100% of their value.

Trade receivables from affiliates are also subject to individual analysis. For such entities, the Board of Directors analyzes the current financial standing, including the quality of assets and the financial projections, in a horizon of at least three years.

<u>Cash</u>

The Group estimates the impairment losses based on the probability of default established based on external ratings of banks.

Cash equivalents in the form of investments in investment funds of the money market are measured at fair value based on the listings in active markets.

<u>Loans granted</u>

The Group estimates the impairment loss on loans granted according to the expected credit loss model. The Group monitors changes in the level of the credit risk related to the respective financial asset when compared to its initial recognition and it classifies financial assets into one of three stages of determining impairment losses.

Impairment loss determination stages:

- stage 1 – performing financial assets (applied where the credit risk of the assets has not increased significantly since the initial recognition);
- stage 2 – financial assets with deteriorated performance (applied for significant increase of credit risk versus the initial recognition);
- stage 3 – non-performing financial assets (applied if objective signs of impairment arise).

For stage 1, the Group determines the allowance for expected credit losses as expected credit losses for 12 months, and for stages 2 and 3 – as expected credit losses during the financial instrument lifecycle.

For every reporting period end date, the Group assesses if there are any reasons for classifying financial assets into particular stages for determining the impairment loss. In such an assessment, the Group relies on changes in the risk of financial instrument non-performance throughout the expected lifecycle rather than changes in the amount of the expected credit losses. In order to perform the assessment, the Group compares the financial instrument non-performance risk as at the reporting date to the non-performance risk for that financial instrument as at the original recognition date, taking into account reasonable and documentable information which is available without excessive costs or effort and which points to a significant increase in the credit risk from the moment of original recognition.

Loans to affiliates are subject to an individual analysis of expected credit losses.

n) Trade receivables, other receivables and prepayments

Trade receivables include receivables for deliveries and services related directly to the current operating activity.

Trade receivables are initially recognized at their fair value. After initial recognition, these receivables are measured at amortized costs using the effective interest rate, taking into account impairment losses. Trade receivables with a maturity date below 12 months from the date when the receivable arises are not discounted. The effect of the unwinding of discount is recognized in financial revenue.

<u>Other receivables and prepayments</u>

Other receivables include in particular:

- budget receivables, except for corporate income tax receivables, which represent separate items in the consolidated statement of financial position;
- prepayments.

Advances are presented according to the nature of the assets to which they are related: as either non-current or current assets. As non-monetary assets, advances are not discounted.

Prepayments include incurred costs related to future periods.

o) 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 amortized 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 recognizes 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 recognizes, 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.

p) Cash and cash equivalents

Cash comprises cash in hand and bank deposits payable on demand, while cash equivalents are other short-term investments of high liquidity and with the initial maturity date falling within three months, including investments in capital funds of the money market.

q) Share-based payments

Share-based payments include transactions which, as per International Financial Reporting Standard 2, meet the definition of equity-settled share-based payments and cash-settled share-based payments.

Equity-settled share-based payments include but are not limited to incentive schemes for the Board of Directors and the management based on shares or subscription warrants which, if exercised, make it possible to settle performances and services through Company shares. The fair value of the services provided by the Board of Directors and the management in return for their grant is recognized as cost of salaries and, secondarily, as other capitals. The amount of share-based payments is measured using the indirect method, i.e., based on reference to the fair value of the granted capital instruments.

r) Capital and equity

The par value of shares is charged to share capital.

Capital from share premium is the share price amount above the share par value less the costs of the new issue.

Retained earnings are accumulated profits/losses brought forward and current year's profits/losses.

s) Trade and other liabilities, deferred income

Trade liabilities are obligations to pay for goods and services purchased during routine business activity from suppliers. Trade liabilities are classified as short-term liabilities if the payment deadline falls within one year. Otherwise, the liabilities are recognized as long-term liabilities. In initial recognition, trade liabilities are disclosed at fair value and later – at the payable amount.

Deferred income includes the value of assets already received for services to be performed in future reporting periods. The item includes without limitation the received prepayments and subsidies.

t) Liabilities in cryptocurrencies

A 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 to 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 recognized on that account is not updated to account for subsequent changes in the fair value of the non-monetary payment.

u) Received loans

Loans are initially disclosed at fair value of the received money less the incurred transaction costs. In subsequent periods, they are measured at adjusted purchase price (amortized cost).

Financial costs, including the commissions payable at the moment of repayment or extinguishment and including the direct costs of taking out the loan, are disclosed in the profit and loss account.

v) Current and deferred income tax

The income tax for the current reporting period includes current tax and deferred tax. Tax is recognized in the statement of comprehensive income, except where it applies directly to items disclosed in other consolidated comprehensive income or equity. In such a case, tax is also recognized as appropriate in other consolidated comprehensive income or equity. Current income tax liability is calculated based on the applicable tax laws or laws actually introduced on the balance sheet date. The Board of Directors periodically reviews the calculations of tax liabilities for situations where relevant tax regulations are subject to interpretation by creating provisions for the amounts, if any, payable to tax authorities. Deferred income tax liabilities arising from temporary differences between the tax value of assets and liabilities and their carrying value are recognized in the consolidated statement of financial position according to the balance sheet method. However, if the deferred income tax arose from original recognition of an asset or a liability within a transaction other than business combination, with such recognition having no impact on profit/loss or on taxable income (tax loss), the deferred income tax is not recognized. Deferred income tax is established according to the tax rates (and regulations) which are legally or actually in effect on the balance sheet date and which are expected to be in effect at the moment when the deferred income tax assets are realized or the deferred income tax liabilities are settled. Deferred income tax assets are recognized only if such taxable income is likely to be generated in the future which will make it possible to utilize the temporary differences. A deferred income tax liability arising from temporary differences which result from investment in subsidiaries and affiliates is recognized unless the timing of the reversal of the temporary differences is controlled by the Group and those differences are unlikely to be reversed in the foreseeable future. Deferred income tax assets and liabilities are offset if there is an enforceable legal right to offset current income tax assets against current income tax liabilities and if the deferred income tax assets and liabilities pertain to income taxes levied by the same tax authorities on the same taxable entity or on different taxable entities where there is an intention to settle on a net basis.

If the Group believes its approach to a tax issue or to a group of tax issues is likely to be accepted by the tax authority, the Group defines the taxable income (tax loss), the tax base, the unused tax losses, the unused tax credits, and the tax rates taking into account the approach to taxation planned or applied in its tax return.

If the Group decides that the tax authority is unlikely to accept the Group's approach to a tax issue or to a group of tax issues, the Company reflects the impact of the uncertainty while establishing the taxable income (tax loss), the tax base, the unused tax losses, the unused tax credits, or the tax rates.

w) Provisions

Provisions are recognized if the Group has a legal or customarily expected obligation arising from past events and if an outflow of resources is likely to be required to allow the Group to comply with that obligation and if the amount of that obligation has been credibly estimated. No provisions are created for future operating losses.

Provision amounts are disclosed in the current value of the expenses expected to be required for the compliance with the obligation. The interest rate used is the pre-taxation rate which reflects the current assessment of the market as regards the time value of money and the risk connected specifically with the respective component of liabilities. Provision increase related to the flow of time is recognized as interest costs. It is the Group's policy that expected cash flows are not discounted for periods shorter than one year.

x) Government subsidies

If there is reasonable certainty that a subsidy will be obtained and that all the related requirements will be met, government subsidies are disclosed at fair value.

If a subsidy pertains to a specific cost item, it is disclosed in the statement of comprehensive income as Other operating revenue. If a subsidy pertains to an asset, its fair value is disclosed as reduction in the value of the respective asset and then it is gradually recognized, as equal annual write-downs, in profit or loss throughout the estimated useful life of the asset.

y) Revenue recognition

The Group follows a five-stage model to define the moment of recognition and the amount of revenue. The main principle of the standard is to disclose revenue as the transaction price at the moment when the contractually promised goods or services are transferred to the customer, which takes place once the customer takes control of those assets. Control of an asset is the ability to direct the use of, and obtain substantially all of the remaining benefits from, the asset. Transfer of goods to a customer may take place at a specific moment (upon the delivery of goods or the performance of a service) or over a specific period (as the service is being performed).

revenue source	pricing method	moment of recognition	judgment
revenue from platforms	contractual price	based on monthly reports	-
sale of rights/licenses	contractual fixed price and/or rev share*	fixed contractual price at the moment of asset transfer. Variable remuneration compartment recognized based on periodic settlements.	due to uncertainty and lack of history for transactions to date, the Group does not recognize the variable part (rev share) at the moment of transfer of rights
sale of rights with the regular support obligation*	contractual fixed price allocated to sale of rights and regular support	revenue from share of rights at the moment of asset transfer the revenue arising from the regular support obligation is recognized on a monthly basis, as the time during which the Group is obligated to provide the service goes by	the Group identifies the service obligation and then allocates the selling price to the respective obligation and recognize the revenue once each of them is completed

* under a contract for sale of rights, there is a variable remuneration component – rev share, i.e., the right to share in the profit from future sale of games.

Revenue from platforms includes revenue from advertisements and micropayments made by users through platforms and media houses; the Group invoices them on a monthly basis based on reports regarding advertisement display and micropayments. Contracts lay down the terms on which both parties make settlements for the advertisements displayed and the micropayments made by platform users.

Revenue from the sale of rights and licenses includes revenue related to asset transfer to third parties and to regular support (updates and maintenance).

For every balance sheet date, the Group estimates the potential liabilities arising from returns, and if they are significant, it recognizes them as reduction of revenue on sales and as refund obligations.

Revenue related to blockchain-based projects

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 recognizes 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.

z) Operating costs

The Group recognizes costs in the same period in which revenue on the sales of such assets is recognized, in accordance with the matching principle.

Costs of sale

In costs of sales, the Company recognizes mainly the costs connected with advertising and marketing (including user acquisition), commissions of distribution platforms related to revenue from micropayments, rev share costs, amortization of completed development work, costs of servers and functional software licenses, and other indirect game-related costs.

General and administrative costs

In general administrative costs, the Group recognizes primarily the costs connected with maintenance of the Board of Directors and of company-wide organizational units.

aa) Payment of dividend to shareholders

Dividends paid to shareholders of the Group companies are recognized as liability in the Group's consolidated statement of financial position in the period in which the dividend payment was approved by the shareholders.

4 Financial risk management

The Group's activity entails a number of financial risks: market risk (price risk), credit risk, and liquidity risk. The Group's general risk management scheme focuses on the unpredictability of financial markets by trying to minimize potential adverse effects on the Group's financial results.

Market risk

Due to the specificity of the Group's business, the market risk includes:

- foreign exchange risk

The Group's business entails exposure to the risk of exchange rate fluctuations. A vast majority of the Group's revenue is generated in foreign currencies. Exchange differences are recognized in the consolidated statement of comprehensive income in other operating activity. A major part of purchases are made in PLN. As a result, the Group is exposed to a foreign exchange risk.

The Group regularly monitors the foreign exchange market and decides whether or not to sell the foreign currency necessary to settle payments with a future date. The Group does not enter into forward transactions or foreign exchange options. Presented below is the net foreign exchange exposure (data in PLN '000):

31 December 2023	**EUR**	**USD**	**GBP**	**Other**	**Total**
Cash	458	24,308	2838	-	**27604**
Receivables	40	21,085	3,915	179	**25,219**
Liabilities	512	24,580	1,064	10,085	**36,241**
Net foreign exchange exposure	**-14**	**20,813**	**5,689**	**-9,906**	**16,582**
Effect on gross profit/loss					

(All amounts given in thousand zloty (PLN '000) unless specified otherwise)

10% exchange rate increase	-1	2,081	569	-991	**2,649**
10% exchange rate drop	1	-2,081	-569	991	**-2,649**

- price risk

Just as in the previous year, the Group does not have any material assets and liabilities which would be at a risk of changes to their prices in the markets. The impact of the price risk on the Group's business is insignificant.

- risk of changes to cash flows and the fair value as a result of interest rate changes

The Group regularly monitors the situation connected with any decisions of the Polish Monetary Policy Council and the European Central Bank, which directly affects the interest rate market in Poland and worldwide. Presented below is an analysis of sensitivity of the gross profit/loss to the interest rate risk for financial instruments with variable interest rates:

			Interest rate variation	
Item in statement of financial position	**Carrying amount**	**Value at risk**	+1 p.p.	-1 p.p.
			Gross profit/loss	
Cash and cash equivalents	31683	29712	297	(297)
Other financial assets	-	-	-	-
Other financial liabilities	1128	1128	(11)	11
			286	**(286)**

Other financial liabilities contain lease liabilities and liabilities related to the received loans.

Credit risk

The Group's main financial assets include cash in bank, cash, receivables, and investments, which represent the largest exposure to credit risk in relation to financial assets. The Group's credit risk is assigned primarily to trade receivables and to loans granted. The amounts presented in the consolidated statement of financial position are net amounts, which means that they take into account impairment of doubtful accounts as estimated by the of the parent's Board of Directors based on prior experience, the specificity of the business, and assessment of the current economic environment. The Group enters into transactions exclusively with reputed companies with high credit scores. All customers interested in trade credit undergo initial verification. In addition, with constant monitoring of the balance of receivables, the Group's exposure to the risk of unrecoverable receivables is insignificant. Loans granted were granted to affiliates. The Group monitors the liquidity situation of its affiliates and assesses their liquidity on an ongoing basis.

Liquidity risk

The liquidity risk is the risk of the Group being unable to pay its obligations when due. The Board of Directors endeavors to make sure that the Group's liquidity is always preserved at a level permitting payment of obligations when due. The Group monitors the risk of lack of funds using a periodic liquidity planning tool. The tool takes into account maturity dates of both financial investments and assets (e.g., accounts of receivables, other financial assets) and the projected cash flows from operating activities.

Group liquidity is managed primarily through:

- short-, medium-, and long-term planning of cash flows;
- selection of appropriate financing sources based on an analysis of the Group's needs and a market analysis;
- working with established, reputed financial institutions.

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As a part of liquidity management, the Group analyzes the instruments available in the market (e.g., loans, credit facilities, factoring, lease) for flexibility of obtaining financing, cost of financing, and maturity dates. In principle, the Group assumes financing current operations first from its own funds and trade credits (especially credit limits and payment deadlines agreed with advertising networks).

The Group invests cash in secure short-term financial instruments (bank deposits), which may be used for debt service purposes. By regularly monitoring the level of mature payables and properly managing cash, the Group is an attractive partner for its suppliers. The Group has a good financial standing so the risk of it losing its liquidity by performing its payment obligations is minimum. The maturity date of all the financial obligations of the Group as at 31 December 2023 fell within three months, except for the lease liability and the liabilities related to the loans.

5 Capital management

The Group's objective in its capital risk management is to secure its ability to continue as a going concern in order to provide return for the shareholders and to keep an optimum capital structure to reduce its cost.

In order to maintain or adjust the capital structure, the Group may change the amount of the declared dividends to be paid to the shareholders, return the capital to the shareholders, issue new shares, or sell assets to reduce debt. Just as other entities in the industry, the Group monitors equity with the debt-to-equity ratio. The ratio is calculated as net debt to total equity. Net debt is calculated as total loans and borrowings (including the current and long-term loans and borrowings disclosed in the consolidated balance sheet) less cash and cash equivalents. Total equity is calculated as the equity disclosed in the consolidated balance sheet along with net debt.

As at 31 December 2023 and as at 31 December 2022, all the debt-to-equity ratios were as follows:

	31 December 2023	**31 December 2022**
	(audited)	(audited)
Loans, borrowings, and other financial liabilities	1,128	21,844
Cash and cash equivalents	31,683	44,997
Net debt	**(30,555)**	**(23,153)**
Equity	73,573	73,605
Debt-to-equity ratio (net debt/total equity)	**(0.42)**	**(0.31)**

6 Professional judgment and the assumptions and estimates applied in preparing the consolidated financial statements

Preparing the Group's consolidated financial statements requires the Board of Directors of the parent to make judgments, 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 values of balance-sheet assets and liabilities in the future.

The Group makes estimations and assumptions related to the future. The assumptions and estimates are presented to the best of the management's knowledge regarding current and future events and activities; however, the actual results may differ from the projected ones.

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

Moment of development cost capitalization

Development costs related directly to production of an asset are disclosed by the Group as development work if the criteria specified in Note 3.3 are met.

Service life of tangible assets (depreciation rates)

Depreciation rates are based on the expected useful life of property, plant, and equipment and other intangible assets. Every year, the Group verifies the adopted useful lives based on current estimations.

Impairment of cash generating units and single assets

The other material values in the consolidated financial statements which are subject to impairment tests are: goodwill, loans granted, and development costs.

Estimated impairment of development costs

Based on an analysis and on estimations and professional judgments taking into account the projects to date, assets are subject to impairment losses and are brought down to the amount which the Group expects to achieve in the future for the use or sale of the respective asset.

Impairment test for goodwill arising on the acquisition of a subsidiary

The key factors influencing the estimation of the value-in-use are: the discount rate, the number of downloads, and the planned average revenue per user, the last two determining the proceeds from sales.

Loans and receivables

As at the balance sheet date, the Group verified loans granted and receivables for expected credit losses (ECL) as required by IFRS 9.

Income tax

There are a number of transactions and calculations for which the final tax amount is uncertain. The Group recognizes potential liabilities arising from tax audits based on the estimated potential extra tax amount. If the final tax settlements differ from the original amounts, the differences influence deferred and current income tax assets and liabilities in the period where the final tax amount is established.

Regulations regarding the value added tax, corporate income tax, and social security contributions change often. Those frequent changes result in absence of appropriate points of reference, inconsistent interpretations and few established precedents to follow. Applicable legislation also includes ambiguities which lead to differing opinions as to the legal interpretation of tax regulations both between state authorities as well as between state authorities and enterprises.

Tax settlements and other areas of activity (e.g., customs or foreign exchange) may be audited by bodies that are authorized to impose high fines and penalties, and additional tax obligations resulting from the audits must be paid along with high interest. This makes the tax risk in Poland higher than it usually is in countries with a more mature tax system.

As a result, the amounts presented and disclosed in financial statements may change in the future due to final decisions of tax auditing units.

On 15 July 2016, the Polish Tax Regulations were modified to reflect the provisions of the General Anti-Abuse Rule (GAAR). The GAAR is to prevent the formation and abuse of artificial legal structures created in order to avoid tax payment in Poland. The GAAR defines tax avoidance as an act committed primarily in order to achieve a tax advantage that is, given the circumstances, in violation of the subject matter and purpose of the tax law. In accordance with the GAAR, such an act does not result in a tax advantage if the mode of action was artificial. Any (i) unjustified division of operations, (ii) engagement of intermediaries without sufficient economic or business justification, (iii) presence of mutually offsetting or cancelling elements, and (iv) other actions similar to the above may be treated as signs of artificial acts subject to the

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GAAR regulations. The new regulations will require much more extensive judgment in the assessment of the tax consequences of particular transactions.

The GAAR must be applied to transactions entered into after or before the GAAR effective date if the benefits were or still are derived after the GAAR effective date. Enactment of the above regulations allowed Polish tax auditing bodies to challenge legal arrangements and agreements engaged in by taxpayers, such as group restructuring and reorganization.

The Group recognizes and measures current and deferred tax assets and liabilities in line with IAS 12 Income Taxes based on the profit (tax loss), tax base, unsettled tax losses, unused tax credits, and tax rates, taking into account the assessed uncertainty related to tax settlements.

Where there is uncertainty as to whether and to what extent the tax authority will accept particular tax settlements for a transaction, the Group recognizes such settlements taking into account an uncertainty assessment.

Right of use

At the moment of contract signing, the Board of Directors verifies whether the contract contains any clauses that would meet the criteria of IFRS 16 Leases.

7 Operating segments

The Group's Board of Directors identified two operating segments for the current financial year in accordance with the IFRS 8 Operating Segments:

- Mobile games
- Blockchain projects

The Board of Directors assesses the activity of the operating segments mainly based on the EBITDA (operating profit/loss plus amortization) 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.

Revenue, EBITDA and net profit/loss of the segments

				12 months ended 31 December 2023
	Mobile games	**Blockchain projects**	**Intercompany adjustments**	**Consolidated data**
	(audited)	(audited)	(audited)	(audited)
External sales	23,7702	7,834	-	**245,536**
Internal Group sales	4,487	260	(4,747)	**-**
Sales revenue	**242,189**	**8,094**	**(4,747)**	**245,536**
Gross profit/loss on sales	26,620	546	(269)	**26,897**
Operating profit/loss	6838	(2,643)	(269)	**3926**
Amortization	(10,765)	(1,108)	-	**(11,873)**
EBITDA	**17603**	**(1,535)**	**(269)**	**15,799**
Financial revenue/expenses	10,655	(136)	(136)	**10,383**
Gross profit/loss	**17,493**	**(2,779)**	**(405)**	**14,309**
Tax	(4,774)	**-**	**-**	**(4,774)**
Net profit/loss	**12,719**	**(2,799)**	**(405)**	**9,535**

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The revenue disclosed in the Boomland FZ-LLC Blockchain Projects segment refer to the NFTs for *Hunters on Chain* sold for PLN 1.3 million and to the revenue in the sale of $BOOM tokens under the prior SAFTs for PLN 3.8 million. Furthermore, the Blockchain Projects segment includes revenue from the grants of PLN 2.7 million that PlayEmber FZ-LLC received from the NEAR Foundation.

				12 months ended 31 December 2022
	Mobile games	**Blockchain projects**	**Intercompany adjustments**	**Consolidated data**
	(audited)	*(audited)*	*(audited)*	*(audited)*
External sales	293,999	41	-	**294,040**
Internal Group sales	666	-	(666)	**-**
Sales revenue	**294,665**	**41**	**(666)**	**294,040**
Gross profit/loss on sales	30,407	(4,007)	(38)	**26,362**
Operating profit/loss	17,970	(6,954)	(38)	**10,978**
Amortization	(12,503)	-	-	**(12,503)**
EBITDA	**30,473**	**(6,954)**	**(38)**	**23,481**
Financial revenue/expenses	(1,842)	(44)	(29)	**(1,915)**
Gross profit/loss	**16,128**	**(6,998)**	**(67)**	**9,063**
Tax	174	**-**	**-**	**174**
Net profit/loss	**16,302**	**(6,998)**	**(67)**	**9,237**

<u>Assets of the segments</u>

				31 December 2023
	Mobile games	**Blockchain projects**	**Intercompany adjustments**	**Consolidated data**
	(audited)	(audited)	(audited)	(audited)
Intangible assets	30,949	6,565	98	**37,612**
Other tangible assets	32,700	-	-	**32,700**
Tangible assets	**63,649**	**6,565**	**98**	**70312**
Cash	31,683	-	-	**31,683**
Cryptographic assets	104	2,403	-	**2,507**
Other current assets	43,544	423	(6,644)	**37,323**
Current assets	**75,331**	**2,826**	**(6,644)**	**71,513**
Total assets	**138,980**	**9,391**	**(6,546)**	**141,825**

				31 December 2022
	Mobile games	**Blockchain projects**	**Intercompany adjustments**	**Consolidated data**
	(audited)	*(audited)*	*(audited)*	*(audited)*
Intangible assets	20,537	4,280	7	**24,824**
Other tangible assets	25,998	-	-	**25,998**
Tangible assets	**46,535**	**4,280**	**7**	**50,822**
Cash	44,997	-	-	**44997**
Cryptographic assets	932	5,382	-	**6,314**
Other current assets	39,083	503	(1,675)	**37,911**
Current assets	**85,012**	**5,885**	**(1,675)**	**89,222**
Total assets	**131,547**	**10,165**	**(1,668)**	**140,044**

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Liabilities of the segments

				31 December 2023
	Mobile games	**Blockchain projects**	**Intercompany adjustments**	**Consolidated data**
	(audited)	(audited)	(audited)	(audited)
Long-term liabilities	6,925	-	-	**6,925**
	50,693	17,278	(6,644)	**61,327**
		7,330	-	***7,330***
Total liabilities	**57,618**	**17,278**	**(6,644)**	**68,252**

				31 December 2022
	Mobile games	**Blockchain projects**	**Intercompany adjustments**	**Consolidated data**
	(audited)	*(audited)*	*(audited)*	*(audited)*
Long-term liabilities	2,506	-	-	**2,506**
Short-term liabilities, including:	50,954	14,654	(1,675)	**63,933**
SAFT liabilities	-	*9,094*	-	***9,094***
Total liabilities	**53,460**	**14,654**	**(1,675)**	**66,439**

The main balance sheet items in the Blockchain Projects segment:

- in assets – development costs and cryptographic assets received in connection with the signed SAFTs,
- in liabilities – trade liabilities and liabilities, liabilities related to the BoomBit S.A. loan and SAFT liabilities.

8 Contracts with customers

Sources of revenue

				12 months ended 31 December
		2023		**2022**
		(audited)		(audited)
advertising	146,855	60%	89,079	30%
Micropayments and sale of digital copies	88,123	36%	202,007	69%
blockchain	7825	3%	41	0%
other	2,733	1%	2,913	1%
	245,536	**100%**	**294,040**	**100%**
including:				
distribution platforms	234,978	96%	291,086	99%

Distribution platforms

				12 months ended 31 December
		2023		**2022**
		(audited)		(audited)
Android	130,770	56%	170,821	59%
iOS	102,728	43%	117,322	40%
other	1,480	1%	2,943	1%
	234,978	**100%**	**291,086**	**100%**

(All amounts given in thousand zloty (PLN '000) unless specified otherwise)

Geographic information (distribution platforms)

	12 months ended 31 December			
		2023		**2022**
		(audited)		(audited)
North America	112,164	48%	154,040	53%
Europe	67,293	29%	73,785	25%
Asia	42,111	18%	45,852	16%
South America	5,967	3%	8,254	3%
Australia & Oceania	6,229	3%	7,803	3%
Africa	1,214	1%	1,352	0%
	234,978	**100%**	**291,086**	**100%**

Leading business partners

	12 months ended 31 December			
		2023		**2022**
		(audited)		(audited)
Google	45,618	19%	50,032	17%
Apple	40,066	16%	36,124	12%
ironSource	29,815	12%	15,761	5%
AdMob	22,602	9%	35,161	12%
Unity Technologies	22,598	9%	20,770	7%
AppLovin	18,826	8%	62,546	21%
Facebook	17,101	7%	26,119	9%
ADLOGIC TECHNOLOGY	12,499	5%	15,412	5%
Vungle	5459	2%	4618	2%
Fyber Monetization	4,432	2%	9,536	3%
Gadsme	2761	1%	2	0%
Others	23,759	10%	17,959	7%
	245,536	**100%**	**294,040**	**100%**

9 Costs by type

	12 months ended 31 December	
	2023	**2022**
	(audited)	(audited)
Amortization	11,873	12,503
Materials and energy consumption	513	565
Third-party services	226,187	268,933
Commissions of distribution platforms	24,817	25,409
User acquisition costs	133,388	170,374
Rev share costs	16,956	26,253
Taxes and levies	375	305
Salaries	18,998	16,285
Social security and other benefits	3,521	2,673
Other costs by type	1,457	624
Total costs by type	**262,924**	**301,888**
Development costs	(27,413)	(17,881)
General administrative costs	(16,872)	(16,329)
Cost of sales	**218,639**	**267,678**

10 Other operating revenue and costs

	12 months ended 31 December	
	2023	**2022**
Other operating revenue	(audited)	(audited)
Amount of foreign exchange gains over foreign exchange losses	-	2,530
Other	305	117
	305	**2,647**

(All amounts given in thousand zloty (PLN '000) unless specified otherwise)

	12 months ended 31 December	
	2023	**2022**
Other operating costs	(audited)	(audited)
Impairment losses on assets	(2,808)	(1,414)
- including impairment losses on development costs	(1,589)	(309)
- including impairment losses on receivables	(193)	(216)
- including impairment losses on cryptocurrencies*	(1,026)	(889)
Loss on sale of non-financial non-current assets	-	(5)
Amount of foreign exchange losses over foreign exchange gains	(2,917)	-
Other	(679)	(283)
	(6,404)	**(1,702)**

* _The impairment losses include impairment from transactions completed in cryptocurrencies and from measurement of the cryptocurrencies held as at 31 December 2023._

11 Financial revenue and costs

	12 months ended 31 December	
	2023	**2022**
Financial revenue	(audited)	(audited)
Interest	761	272
Other	9,802	-
– including fair value measurement of shares	_9,802_	-
	10,563	**272**

Financial costs		
Interest	(124)	(45)
Impairment losses on financial receivables	-	(1,242)
Fair value measurement of shares	-	(899)
Other	(56)	(1)
	(180)	**(2,187)**

12 Income tax

Current tax

	12 months ended 31 December	
	2023	**2022**
	(audited)	(audited)
Current tax on income in the financial year	(760)	(3,335)
Adjustments related to previous years	51	2063
Total current tax	**(709)**	**(1,272)**
Occurrence and reversal of temporary differences (deferred tax)	(4,065)	1,446
Tax effect recognized in equity	-	-
Recognition in statement of comprehensive income	**(4,774)**	**174**

The Group's income tax on gross profit before tax differs as follows from the theoretical amount that would have been obtained based on the weighted average tax rate applicable to the profits of the consolidated companies:

(All amounts given in thousand zloty (PLN '000) unless specified otherwise)

		31 December
	2023	**2022**
	(audited)	(audited)
Gross profit	**14,309**	**9,063**
Theoretical tax calculated according to domestic rates that apply to income in Poland (19%)	(2,719)	(1,722)
Difference on tax according to another rate	(713)	559
Non-tax-deductible costs	(1,601)	(881)
including: costs of incentive schemes	(274)	(327)
Exchange differences	5	5
Revenues not included in the tax base	262	150
CIT adjustments related to previous years	(8)	2,063
Charge on the financial result on account of income tax	**(4,774)**	**174**
effective tax rate	33.4%	-1.9%

The Group has companies which pay an income tax at a rate lower than 19%. Additionally, companies based on the United Arab Emirates are excepted from the income tax. The 2023 effective tax rate is higher than the nominal tax rate because, given the uncertainty as to the use in some Group companies or the absence of income tax (companies operating in the United Arab Emirates), the Group does not recognize deferred income tax assets related to tax losses. The 2022 effective tax rate was lower than the nominal tax rate also because the Parent Company claimed the IP Box tax relief and filed an amended tax return for the 2021 income tax on account of claiming the IP Box tax relief.

Deferred tax

The Group has no items for which no deferred income tax asset and liability would be created, except for items of the companies based on the United Arab Emirates due to the income tax exemption and the assets related to the loss in SkyLoft and BoomPick.

	31 December	31 December
	2023	**2022**
	(audited)	(audited)
Deferred income tax asset		
– to be realized within a year	2,678	2,360
	2,678	**2,360**
Deferred income tax liability		
– to be realized within a year	6,775	2,319
	6,775	**2,319**
Deferred income tax liability (net value)	**(4,097)**	**41**

Change in the balance of deferred income tax:

		12 months ended 31 December
	2023	**2022**
	(audited)	(audited)
Opening balance	41	(1,444)
Charge to profit/loss	(4,065)	1,446
Tax adjustment	-	-
Exchange differences on translation of foreign companies	(73)	39
Closing balance	**(4,097)**	**41**

Deferred income tax assets and liabilities are offset at the level of financial statements of particular Group entities for the purpose of being included in the consolidated statement of financial position of the Group.

(All amounts given in thousand zloty (PLN '000) unless specified otherwise)

	12 months ended 31 December	
	2023	**2022**
Consolidated statement of comprehensive income	(audited)	(audited)
Tax losses	(631)	382
Provisions for liabilities	(37)	685
Interest	116	57
Remuneration to be paid in subsequent periods	1	(184)
Difference between the book value and the taxable value of development costs	(209)	239
Exchange differences	11	237
Rev share	-	-
Allowances for receivables	(456)	277
Fair value measurement of development costs	51	-
Other	306	274
Deferred income tax asset	**(848)**	**1,967**
Difference between the book value and the taxable value of property, plant and equipment, and other intangible assets	5	33
Difference between the book value and the taxable value of development costs	1,360	284
Difference between amortization/depreciation for tax and accounting purposes	(6)	(4)
Exchange differences	(190)	380
Fair value measurement of shares	1866	-
Other	182	(172)
Deferred income tax liability	**3,217**	**521**
Charge to profit/loss	**(4,065)**	**1,446**

	31 December	31 December
	2023	**2022**
Consolidated statement of financial position	(audited)	(audited)
Tax losses	1,680	2,324
Provisions for liabilities	1,276	1,259
Interest	196	68
Remuneration to be paid in subsequent periods	159	154
Difference between the book value and the taxable value of development costs	-	239
Exchange differences	307	291
Allowances for receivables	414	728
Fair value measurement of development costs	51	-
Other	1,184	917
Offset	(2,589)	(3,620)
Deferred income tax asset	**2,678**	**2,360**
Difference between the book value and the taxable value of property, plant and equipment, and other intangible assets	162	117
Difference between tax amortization and accounting amortization of development costs	5,392	3,799
Difference between amortization/depreciation for tax and accounting purposes	1	7
Exchange differences	326	509
Fair value measurement of development costs	2,521	655
Other	962	852
Offset	(2,589)	(3,620)
Deferred income tax liability	**6,775**	**2,319**
Deferred income tax liability (net value)	**(4,097)**	**41**

<u>Deferred income tax asset arising from unsettled tax loss</u>

As at 31 December 2023, the Group recognized a deferred tax asset (arising from unsettled tax losses) of PLN 1,680,000, which were generated mainly by BoomHits Sp. z o.o. (PLN 1,382). PLN).

The PLN 8,547,000 tax loss of BoomHits generated in 2021 can be settled in the 2023-2026 period, while the 2022 loss of PLN 1,778,000 can be settled in the 2023-2027 period. The 2021 tax loss of PLN 3,042,000 was used in the tax settlement in 2023. Deferred income tax assets on tax losses settled over time are assessed for their realizability. The assessment relies on the forecasts as to the activity of the companies and their profit/loss in subsequent years combined with a scenario analysis. The Group precisely assessed the nature and scope of the evidence, justifying the conclusion that future taxable income sufficient for deduction of unsettled tax losses is likely be earned. Recoverability tests for the deferred tax asset were performed as at 31 December 2023. Based on the assessment, taking into account the restructuring of the activity of BoomHits conducted by the Group, the estimated allowance for the deferred tax asset in BoomHits sp. z o.o. would be insignificant, and as a result the Board of Directors decided to recognize the asset in the full amount.

The tests for other companies have shown full recoverability of the deferred tax asset, except for SkyLoft Sp. z o.o. and BoomPick Sp. z o.o., where no tax loss asset was created. The Group expects to be able to fully settle the tax losses in the Group's companies.

13 Earnings per share

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

	12 months ended 31 December	
	2023 (audited)	**2022** (audited)
Net profit/loss for shareholders of the parent (PLN '000)	15,811	13,237
Number of shares* (as single shares)	13,539,852	13,478,122
Earnings per share – basic (in PLN)	**1.17**	**0.98**

* Weighted average number of shares in the reporting period.

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

	12 months ended 31 December	
	2023 (audited)	**2022** (audited)
Net profit/loss for shareholders of the parent (PLN '000)	15,811	13,237
Number of shares* (as single shares)	13,564,622	13,513,407
Earnings per share – diluted (in PLN)	**1.17**	**0.98**

* Weighted average hypothetical number of shares in the reporting period.

14 Dividends

On 21 June 2023, the Annual General Meeting adopted a resolution on fully allocating the Company's net profit for 2022 of PLN 14,217,000 for dividend and PLN 1,614 for the Company's spare capital.

An interim dividend of PLN 3,221,000 was paid on 16 December 2022 and the remainder on 06 July 2023.

	12 months ended 31 December	
	2023 (audited)	**2022** (audited)
Dividends disclosed as disbursements to owners in PLN '000	10,438	11,224
Dividends disclosed as disbursements to owners per share in PLN	0.77	0.83

(All amounts given in thousand zloty (PLN '000) unless specified otherwise)

15 Property, plant and equipment

	Land	Buildings and structures	Machines and equipment	Means of transport	Right of use	Other fixed assets	**Total**
As at 1 January 2023							
Cost	198	1,530	2,113	451	535	13	**4840**
Accumulated depreciation	-	(374)	(1,730)	(307)	(203)	(13)	**(2,627)**
Net value	**198**	**1,156**	**383**	**144**	**332**	**-**	**2,213**
Increases	-	50	361	-	209	7	**627**
Movement – accumulated depreciation	-	-	-	209	(209)	-	**-**
Movement	-	-	-	(209)	209	-	**-**
Sales, liquidation – gross value	-	-	(519)	(266)	-	-	**(785)**
Sales, liquidation – depreciation – gross value	-	-	497	132	-	-	**629**
Depreciation	-	(102)	(491)	(10)	(182)	(7)	**(792)**
Exchange differences on translation	-	-	4.	-	-	-	**4.**
As at 31 December 2023							
Cost	198	1,580	1,959	394	535	20	**4686**
Accumulated depreciation	-	(476)	(1,724)	(394)	(176)	(20)	**(2,790)**
Net value	**198**	**1,104**	**235**	**-**	**359**	**-**	**1,896**

	Land	Buildings and structures	Machines and equipment	Means of transport	Right of use	Other fixed assets	**Total**
As at 1 January 2022							
Cost	198	1,148	1,622	370	328	13	**3,679**
Accumulated depreciation	-	(310)	(1,483)	(370)	(166)	(12)	**(2,341)**
Net value	**198**	**838**	**139**	**-**	**162**	**1**	**,**
Increases	-	382	740	147	326	-	**1,595**
Movement	-	-	-	119	(119)	-	**-**
Sales, liquidation – gross value	-	-	(218)	(185)	-	-	**(403)**
Sales, liquidation – depreciation – gross value	-	-	209	185	-	-	**394**
Depreciation	-	(65)	(456)	(3)	(156)	(1)	**(681)**
Movement – accumulated depreciation	-	-	-	(119)	119	-	**-**
Exchange differences on translation	-	1	(31)	-	-	-	**(30)**
As at 31 December 2022							
Cost	198	1530	2113	451	535	13	**4840**
Accumulated depreciation	-	(374)	(1,730)	(307)	(203)	(13)	**(2,627)**
Net value	**198**	**1,156**	**383**	**144**	**332**	**-**	**2213**

	12 months ended 31 December	
	2023	**2022**
Amortization charged to:		
Cost of sales	443	471
General administrative costs	349	210
	792	**681**

(All amounts given in thousand zloty (PLN '000) unless specified otherwise)

The Group did not have any commitments to incur expenses connected with purchase of property, plant and equipment as at 31 December 2023 and 31 December 2022.

16 Lease

In 2023 and the in previous years, the Group entered into car lease contracts. The Board of Directors decided that those contracts met the IFRS 16 criteria and would be recognized as leases. The contracts were disclosed as right of use in property, plant and equipment and as other financial liabilities (long- and short-term).

Amounts disclosed in statement of financial position

	31 December 2023 (audited)	**31 December 2022** (audited)
Right-of-use assets		
Property, plant and equipment, including:	359	332
Right of use	359	332
	359	**332**
Other financial liabilities		
Lease liability	348	290
– long-term	150	187
– short-term	198	103
	348	**290**

The increases in right-of-use assets were PLN 209,000 versus the PLN 326,000 increases in 2022.

Amounts disclosed in the statement of comprehensive income

	12 months ended 31 December	
	2023 (audited)	**2022** (audited)
Depreciation of right-of-use assets:	**(182)**	**(156)**
Right of use	(182)	(156)
Interest costs (included in financial costs)	**(65)**	**(20)**

Amounts disclosed in the cash flow statement

	12 months ended 31 December	
	2023 (audited)	**2022** (audited)
Total outflows for lease	**(216)**	**(203)**
Repayment of lease liabilities	(151)	(183)
Lease interest	(65)	(20)

In addition, the Group leases office space. As at 1 January 2019, i.e., at the moment of IFRS 16 implementation, the Group used an exemption and did not recognize lease on this account. The description regarding the establishment of the lease period is provided in Note 3.3. The lease payments for the 12 months of 2023 totaled PLN 627,000 (PLN 365,000 in 2022).

(All amounts given in thousand zloty (PLN '000) unless specified otherwise)

17 Intangible assets

	Completed development work – Games	Completed development work – support tools	Acquired intangible assets, including games	Incomplete development work (assets in progress)	Acquired incomplete development work (assets in progress)	Advances for acquired intangible assets	**Total**
As at 1 January 2023 (audited)							
Cost	47,081	18,739	775	10,500	-	-	**77,095**
Accumulated amortization	(36,199)	(12,435)	(197)	-	-	-	**(48,831)**
Impairment losses	(3,083)	(48)	-	(309)	-	-	**(3,440)**
Net value	**7,799**	**6,256**	**578**	**10,191**	**-**		**24,824**
Increases*	4	-	-	23,220	3,083	617	**26924**
Gross sales/liquidation	(410)	-	-	(183)	-	-	**(593)**
Sales/liquidation total amortization	410	-	-	-	-	-	**410**
Transfer between categories	12,873	12,421	60	(25,294)	(60)	-	**-**
Exchange differences on translation	(149)	(228)	-	(221)	-	-	**(598)**
Amortization	(6,991)	(4,007)	(83)	-	-	-	**(11,081)**
(Creation)/utilization of impairment losses	(558)	(348)	-	(1,096)	(269)	-	**(2,271)**
As at 31 December 2023 (audited)							
Cost	59,152	30,781	835	8,149	3,023	617	**102,555**
Accumulated amortization	(42,558)	(16,326)	(280)	-	-	-	**(59,164)**
Impairment losses	(3,714)	(396)	-	(1,400)	(269)	-	**(5,779)**
Net value	**12,880**	**14,059**	**555**	**6,749**	**2,754**	**617**	**37,612**

* The value of the increases differs from the value of development costs specified in Note 9 by the PLN 1,110,000 revenue earned in the soft launch.

	Completed development work – Games	Completed development work – support tools	Acquired intangible assets, including games	Incomplete development work (assets in progress)	Acquired incomplete development work (assets in progress)	Advances for acquired intangible assets	**Total**
As at 1 January 2022 (audited)							
Cost	37,199	16,388	-	2,238	-	-	**55,825**
Accumulated amortization	(24,238)	(9,522)	-	-	-	-	**(33,760)**
Impairment losses	(3,083)	(48)	-	-	-	-	**(3,131)**
Net value	**9,878**	**6,818**	**-**	**2,238**	**-**		**18,934**
Increases*	-	-	720	17,508	-	-	**18,228**
Gross sales/liquidation	(539)	-	-	-	-	-	**(539)**
Sales/liquidation total amortization	500	-	-	-	-	-	**500**

(All amounts given in thousand zloty (PLN '000) unless specified otherwise)

Transfer between categories	10,557	2,358	55	(9,221)	-	-	**3749**
Transfer between categories – total amortization	(3,708)	(41)	-	-	-	-	**(3,749)**
Exchange differences on translation	(136)	(7)	-	(25)	-	-	**(168)**
Amortization	(8,753)	(2,872)	(197)	-	-	-	**(11,822)**
Creation of impairment losses		-	-	(309)	-	-	**(309)**
As at 31 December 2022 (audited)							
Cost	47,081	18,739	775	10,500	-	-	**77,095**
Accumulated amortization	(36,199)	(12,435)	(197)	-	-	-	**(48,831)**
Impairment losses	(3,083)	(48)	-	(309)	-	-	**(3,440)**
Net value	**7,799**	**6,256**	**578**	**10,191**	**-**	**-**	**24,824**

* The value of the increases differs from the value of development costs specified in Note 9 by the PLN 1,110,000 revenue earned in the soft launch.

	12 months ended 31 December	
	2023	**2022**
Amortization charged to:		
Cost of sales	11,081	11,822
	11,081	**11,822**

Development costs for the 12 months ended on 31 December 2023 include expenses on outsourced services of PLN 19,520,000 and expenses on salaries and the related contributions of PLN 2,910,000.

Development costs for the 12 months ended on 31 December 2022 include expenses on outsourced services of PLN 13,299,000 and expenses on salaries and the related contributions of PLN 4,209,000.

In the previous and current financial year, the Group analyzed development costs for completed and non-completed development work and conducted relevant impairment tests for those assets.

Costs of development work in progress

The Group evaluated the projects in the production pipeline and conducted impairment tests.
The following assumptions were adopted for the tests:

- a period of up to four years (depending on the lifecycle of particular game titles) was adopted for the projection of flows;
- a discount rate (weighted average cost of capital) of 8.3% (13.6% in the benchmarking period);
- cash flow projections were estimated based on internal benchmarks for the most similar titles and on the expected cost of completing the development work.

Based on an analysis and on estimations and professional judgments taking into account the projects to date, assets are subject to impairment losses and are brought down to the amount which the Group expects to achieve in the future for the use or sale of the respective asset. In 2023, impairment losses of PLN 1.365,000 were recognized on development work in progress in connection with the discontinuation of several projects. The Group recognized a 100% impairment loss for such projects. As a result of the tests performed for the remaining items of development work in progress, the

(All amounts given in thousand zloty (PLN '000) unless specified otherwise)

Group established that the recoverable amount (determined based on the value-in-use) of those items was higher than their book values and so there was no need for extra impairment losses. In 2022, the Group recognized impairment losses of PLN 309,000 on development costs.

Sensitivity analyses show that the key factors influencing the functional value are: the discount rate and the cash flows from games. Neither the cash flows lower by ten percent nor the discount rate higher by one percentage point resulted in the need to recognize extra impairment losses.

Costs of completed development work

In addition, at the end of the reporting period, the Group reviewed the costs of completed development work for signs of impairment. Impairment tests were conducted for projects where the identified signs included performance below expectations by games seen by the Board of Directors as having a limited improvement potential. The assumptions adopted for the tests were analogical to those defined for costs of development work in progress, and the cash flow projection was estimated through extrapolation of the observed performance of the games.

As a result of the tests, PLN 906,000 of impairment losses were recognized in 2023 for the costs of completed development work. The entire impairment loss pertains to Royal Merge and the engine for merge games.

No impairment losses were recognized for such costs in the benchmarking period.

Sensitivity analyses show that the key factors influencing the functional value are: the discount rate and the cash flows from games. Neither the cash flows lower by ten percent nor the discount rate higher by one percentage point resulted in the need to recognize extra impairment losses.

18 Goodwill

	12 months ended	
	31 December 2023 (audited)	**31 December 2022** (audited)
As at 1 January		
Cost	15,673	16,230
Accumulated amortization	-	-
Net value	**15,673**	**16,230**
Exchange differences	(855)	(557)
As at 31 December		
Cost	14,818	15,673
Accumulated amortization	-	-
Net value	**14,818**	**15,673**

As at the balance sheet date, the Group performed a goodwill impairment analysis and test.

Impairment test for goodwill arising on the acquisition of a subsidiary

At the end of the reporting period, the Group conducted an impairment test for the goodwill assigned to the group of companies BoomBit S.A., BoomBit Games Ltd., and BoomBit Inc. as a cash-generating unit. The recoverable amount was established based on the value-in-use.

The following assumptions were adopted for the test:

(All amounts given in thousand zloty (PLN '000) unless specified otherwise)

- the period adopted for the projection of flows depended on the expected lifecycle of particular game titles in accordance with the accounting policy,
- a discount rate (weighted average cost of capital) of 8.3% (13.6% in the benchmarking period),
- a growth rate of 2% in the residual period (2% in the benchmarking period),
- projections of cash flows for the existing games were estimated based on extrapolations of the observed results and for new games based on internal benchmarks.

The test showed that the recoverable amount of the cash-generating unit was higher than the book value of goodwill and other assets so there was no need for impairment losses. The Group arrived at the same conclusions in the benchmarking period.

Sensitivity analyses show that the key factors influencing the functional value are: the discount rate and the cash flows from games. Neither the cash flows lower by ten percent nor the discount rate higher by one percentage point resulted in the need to recognize an impairment loss.

In 2018, in the opinion of the parent company's Board of Directors, the company BoomBit Games Ltd ("BBUK") was a separate cash-generating unit and so the goodwill that arose on the acquisition of that company was assigned to that unit. The Group changed its business model in the midst of 2019. All the development work related to development costs is currently performed internally by the Company; the main costs connected with publishing of games (especially marketing campaign costs) are also incurred internally. The subsidiaries where the Company has 100% of shares, including BRUK, now function only as publishers of games on mobile platforms, Nintendo Switch Steam, and web platforms. The Company decides which Group entity will publish which titles. Intercompany settlements involve settling the rev share from game publishing license agreements. In view of the foregoing, in the opinion of the parent company's Board of Directors, the group of companies BoomBit S.A., BoomBit Games Ltd., and BoomBit Inc. is one cash-generating unit to which goodwill is assigned from the perspective of the consolidated financial statements.

19 Cryptographic assets

The Group has the following cryptographic assets as at 31 December 2023:

	31 December 2023	31 December 2022
USDC cryptocurrencies	2,166	6,257
MATIC cryptocurrencies	5	-
NEAR cryptocurrencies	334	43
other	2	14
	2,507	**6,314**

In the reporting period, cryptocurrency impairment losses of PLN 13,000 were recognized in respect of the cryptocurrency market value and charged to other operating costs.

20 Trade receivables, other receivables and prepayments

	31 December 2023 (audited)	31 December 2022 (audited)
Short-term trade receivables		
Trade receivables – other parties	26,446	30,274
Trade receivables – affiliates		5
impairment loss on trade receivables	(409)	(216)
Net trade receivables	**26,037**	**30,063**

(All amounts given in thousand zloty (PLN '000) unless specified otherwise)

Other short-term receivables and prepayments		
VAT receivables	4,908	6,159
Receivables on taxes and other payments	2	21
Accruals	5,595	758
Other receivables	122	544
Other net receivables	**10,627**	**7,482**
Trade and other receivables	**36,664**	**37,545**

Balance sheet values of trade receivables and other receivables of the Group are denominated in the following currencies:

	31 December 2023 (audited)	**31 December 2022** (audited)
PLN	11,445	9,784
EUR	40	230
USD	21,085	21,299
GBP	3,915	5,819
Other	179	413
	36,664	**37,545**

Impairment of receivables
As at the balance sheet date, the Group verified its receivables for expected credit losses (ECL) as required by IFRS 9.

Presented below is the aging of past due trade receivables as at 31 December 2023:

	31 December 2023 (audited)	**31 December 2022** (audited)
Up to 3 months	3,871	2,416
3 to 6 months	49	15
After 6 months	27	107
	3,947	**2,538**

The analysis conducted for receivables from non-affiliates has shown that, except for the receivable described below, the estimated impairment loss on that account would be insignificant so the Board of Directors of the Parent Company has decided not to recognize it in these financial statements.

The receivable from a foreign business partner, a Finnish game producer ("business partner"), was subjected to a separate analysis. In conjunction with the bankruptcy petition filed by the business partner, the Group created an impairment loss on 100% of the net receivables of PLN 409,000 (of which PLN 198,000 in 2023). The Group does not believe that the remaining part of the amount is likely to be repaid.

In 2023, in connection with the liquidation of Moondrip sp. z o.o., the unused amount of the PLN 5,000 impairment loss created in the benchmarking reporting period was reversed.
The amounts of the created impairment losses recognized in other operating costs are presented in the table below:

	31 December 2023 (audited)	**31 December 2022** (audited)
Opening balance	216	-
Impairment loss creation	198	216
Reversal of unused amounts	(5)	-
Closing balance	**409**	**216**
including:		
Stage 1	-	-
Stage 2	-	-
Stage 3	409	216

(All amounts given in thousand zloty (PLN '000) unless specified otherwise)

Balance of receivables by stage of impairment:

	31 December 2023 (audited)	31 December 2022 (audited)
Net trade receivables	26,037	30,063
Impairment loss on trade receivables	(409)	(216)
Gross trade receivables	**26,446**	**30,279**
including:		
Stage 1	25,638	29,850
Stage 2		-
Stage 3	808	429

21 Cash and cash equivalents

	31 December 2023 (unaudited)	31 December 2022 (audited)
Cash at bank	29,712	19,380
Term deposits up to three months	-	25,617
Units in unit-linked fund	1971	-
	31,683	**44,997**
Balance of cash and cash equivalents disclosed in the statement of financial position	31,683	44,997
Unrealized exchange rate differences	(124)	(509)
Balance of cash and cash equivalents disclosed in the cash flow statement	**31,559**	**44,488**
including restricted cash		

22 Capital and equity

The share capital and the shareholding structure were as follows on 31 December 2023:

	Number of shares	Par value
Class A – registered shares with preference as to votes (two 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	120,000	60,000
	13,540,000	**6,770,000**

	Number of shares	Par value	Percentage of capital	Percentage of votes
Karolina Szablewska-Olejarz	1,838,839	919,420	13.58%	14.53%
Marcin Olejarz	1,902,850	951,425	14.05%	14.86%
ATM Grupa S.A.	4,000,000	2,000,000	29.54%	30.71%
We Are One Ltd.*	3,725,000	1,862,500	27.51%	29.30%
Other shareholders	2,073,311	1,036,655	15.32%	10.60%
	13,540,000	**6,770,000**	**100.00%**	**100.00%**

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

The share capital and the shareholding structure were as follows on 31 December 2022:

	Number of shares	Par value

Class A – registered shares with preference as to votes (2 votes per share)	6,000,000	3,000,000
Class B – ordinary bearer shares	6,000,000	3,000,000
Class C – ordinary bearer shares	1,300,000	650,000
Class D – ordinary bearer shares	120,000	60,000
Class F – ordinary 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	13.84%	14.71%
ATM Grupa SA	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	15.32%	10.60%
	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

23 Trade and other liabilities

	31 December 2023 (audited)	31 December 2022 (audited)
Short-term trade liabilities		
Trade liabilities – other entities	36,323	28,802
Trade liabilities – affiliates	-	-
	36,323	**28,802**
Other short-term trade liabilities		
VAT liabilities	154	41
Personal income tax liabilities	150	122
Liabilities arising from other tax and other contributions	1,140	889
Employee benefit liabilities	1,615	1,594
SAFT liabilities	196	8,784
SAFE liabilities	7,134	220
NEAR Foundation liabilities	582	90
Dividend liabilities	349	-
Other liabilities	12,398	97
	23,718	**11,837**
Trade and other liabilities	**60,041**	**40,639**

Carrying values of trade liabilities and other liabilities of the Group are denominated in the following currencies:

	31 December 2023 (audited)	31 December 2022 (audited)
PLN	24,367	7,539
EUR	512	351
USD	24,580	21,781
GBP	1,064	1,281
Other	9,518	9,687
	60,041	**40,639**

The values of the provisions for employee benefits included in short-term liabilities and their amendment in particular periods were as follows:

(All amounts given in thousand zloty (PLN '000) unless specified otherwise)

	Provision for pensions	Provision for leaves	Total
For the 12 months of 2023			
Opening balance	47	454	**501**
Increase in provisions recognized as cost in the period	8	37	**45**
Balance of provisions as at 31 December 2023	**55**	**491**	**546**

	Provision for pensions	Provision for leaves	Total
For the 12 months of 2022			
Opening balance	29	331	**360**
Increase in provisions recognized as cost in the period	18	123	**141**
Balance of provisions as at 31 December 2022	**47**	**454**	**501**

Retirement pension scheme

The Group has 144 employees hired under employment contracts.

As a result, potential estimated liabilities connected with retirement pension benefits under the Polish Civil Code are PLN 55,000 and a provision was created for them (PLN 47,000 in 2022).

24 Financial instruments by type

The Group had only financial assets and liabilities measured at amortized cost, except for the shares of SuperScale s.r.o. ("SuperScale") and units in investment funds of the money market which are measured at fair value through profit or loss.

The balance sheet value of financial instruments measured at amortized cost does not materially differ from their fair value.

Financial assets

	31 December 2023 (audited)	31 December 2022 (audited)
Assets measured at amortized cost		
Trade receivables	26,037	30,063
Other financial assets	-	2,243
Cash and deposits	29,712	44,997
	55,749	**77,303**
Financial assets measured at fair value through profit or loss		
Interests and shares in other entities	13,308	3,509
Cash equivalents	1,971	-
	15,279	**3,509**
Financial assets	**71,028**	**80,812**

	31 December 2023 (audited)	31 December 2022 (audited)
Other financial assets		
Loans to affiliates	-	1,242
Impairment loss on loans granted to affiliates	-	(1,242)
Net loans granted to affiliates, including:	**-**	**-**
– tangible assets	-	-
Loans granted to other entities	-	2,243
Impairment loss on loans granted to other parties	-	-
Net loans granted to other parties, including:	**-**	**2,243**
– tangible assets	-	2,243
Other net financial assets	**-**	**2,243**

On 03 August 2023, SuperScale repaid the loan along with interest, i.e., EUR 492,000.

(All amounts given in thousand zloty (PLN '000) unless specified otherwise)

On 23 October, the liquidation process of Moondrip Sp. z o.o. in liquidation was completed. The company partially repaid the loan and the previously created allowance was used for the outstanding value of the non-repaid loan.

Carrying values of other financial assets of the Group are denominated in the following currencies:

	31 December 2023 (audited)	31 December 2022 (audited)
PLN	-	-
EUR	-	2,243
	-	**2,243**

Impairment of loans granted

The Group did not have financial assets in the form of loans granted as at the balance sheet date.

As at 31/12/2022, the Group verified the loans granted for expected credit losses (ECL) as required by IFRS 9.

The applied model of expected credit losses revealed impairment of the loan granted to Moondrip Sp. z o.o. The Group recognized an impairment loss of PLN 1,242,000 in the books which applies in its entirety to the exposure in the affiliate Moondrip Sp. z o.o. Since the company was liquidated in 2023, and the loan was not repaid, the impairment loss was utilized.

	31 December 2023 (audited)	31 December 2022 (audited)
Opening balance	1,242	-
Impairment loss creation	-	1,242
Impairment loss reversal	-	-
Impairment loss utilization	(1,242)	-
Closing balance	**-**	**1,242**
including:		
Stage 1	-	-
Stage 2	-	-
Stage 3	-	1,242

Balance of loans by stage of impairment:

	31 December 2023 (audited)	31 December 2022 (audited)
Other net financial assets	-	2,243
Impairment loss on other financial assets	-	(1,242)
Other gross financial assets	**-**	**3,485**
including:		
Stage 1	-	2,243
Stage 2	-	-
Stage 3	-	1,242

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.

In June 2023, an investment round was held at SuperScale. As a part of that round, SuperScale secured almost EUR 5 million in exchange for newly issued shares. After the registration of the changes in the shareholder structure, BoomBit now holds 11.38% of shares in SuperScale's share capital. In connection with the above transaction, the Group measured the SuperScale shares at fair value as at 30 June 2023, based on the number of shares and the subscription prices for the investors participating in the investment round.

(All amounts given in thousand zloty (PLN '000) unless specified otherwise)

The Group believes that the application of a method based on the above transaction remains the most appropriate approach to establishing the fair value of SuperScale shares as at the day ending the current reporting period. Relying on the EUR/PLN exchange rate of 31 December 2023, the measurement was PLN 13.3 million, which is an increase by PLN 9.8 million – an amount recognized in the Company's profit and loss account as financial revenue.

In its management of financial surpluses, the Group purchased units in foreign investment funds of the money market. The fair value of the units as at 31 December 2023 was PLN 2 million.

Financial instruments measured at fair value by level:

	31 December 2023 (audited)	**31 December 2022** (audited)
Interests and shares in other entities	13,308	3,509
Investment fund units	1971	-
Closing balance	**15,279**	**3,509**
including:		
Level 1	1,971	-
Level 2	13,308	3,509
Level 3	-	-

<u>Financial liabilities</u>

	31 December 2023	**31 December 2022**
Liabilities measured at amortized cost	(audited)	(audited)
Trade liabilities	36,323	28,802
Other financial liabilities	1,128	21,844
	37,451	**50,646**
Financial liabilities	**37,451**	**50,646**

As other financial liabilities as at 31 December 2023 and 31 December 2022, the Group discloses:

	31 December 2023 (audited)	**31 December 2022** (audited)
Other financial liabilities		
Lease liability	348	290
– long-term	150	187
– short-term	198	103
Ad mediation contract liability	-	20,924
Liabilities from borrowings	780	630
	1,128	**21,844**

Contract liabilities disclosed as of 31 December 2022 pertained to the ad mediation contract entered into with ironSource Mobile Ltd. ("IS"). In connection with the performance of the contract, the Parent Company received a one-off payment ("Integration Fee") and undertook to maintain a specific percentage of revenue earned from advertising through the mediation of IS ("Advertising Revenue") for 24 months after attaining the Advertising Revenue percentage specified in the contract ("Required Period"). By 28 February 2023, the contractual terms which would permit recognizing the cash received from IS as revenue were met. The first period for which revenue on that account were recognized, equaling 1/24 of the received Integration Fee, was March 2023.

After the contractual terms are met, the Group presents the payment received in advance as deferred income. The income not yet recognized on that account by 31 December 2023 is PLN 12.3 million.

(All amounts given in thousand zloty (PLN '000) unless specified otherwise)

Liabilities from borrowings comprise a PLN 213,000 loan granted by a shareholder Cherrypick Sp. z o.o. and a cryptocurrency loan of PLN 567,000 granted by Anibal Jose Da Cunha Saraiva Soares to BoomLand FZ-LLC.

The maturity of liabilities is analyzed in the table below (the table does not include contract liabilities and other short-term liabilities):

Other financial liabilities	**31 December 2023** (audited)	**31 December 2022** (audited)
Trade liabilities		
– maturing within 3 months of the balance sheet date	36,323	28,802
Lease liabilities:		
– maturing within 3 months of the balance sheet date	50	28
– maturing within 3 months to 1 year of the balance sheet date	148	75
– maturing later than 1 year after the balance sheet date	150	187
Loan repayment liability		
– maturing within 3 months to 1 year of the balance sheet date	780	630
	37,451	**29,722**
Of which:		
– maturing within 3 months of the balance sheet date	36,373	28,830
– maturing within 3 months to 1 year of the balance sheet date	928	705
– maturing later than 1 year after the balance sheet date	150	187

25 Share-based payments

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

1. 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.

   On 03 January 2023, 40,000 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. On 25 April 2023, class F ordinary registered shares were converted to ordinary bearer shares in the deposit system, whereas on 10 August 2023 they were admitted to trading in the Warsaw Stock Exchange.

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. Additionally, the Company's Extraordinary General Meeting amended Scheme 1 on 16 August 2023.

   Scheme 1

   Incentive scheme for the Company's Directors for 2022-2024 which assumes issue of no more than 100,000 class D subscription warrants no more than 200,000 class E 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 x 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 recognized on that account in the current reporting period was PLN 377,000 and it was disclosed in other capitals.

By 18 July, the Company's Supervisory Board granted the right to take up 100,000 class D subscription warrants to the Directors, Marcin Olejarz, Marek Pertkiewicz, and Anibal Jose da Cunha Saraiva Soares. On 2 and 3 October, Company Directors took up the warrants they were offered and the warrants were recorded in in the brokerage accounts on 08 January 2024, which was the commencement date of the rights under the class D subscription warrants to take up class G shares.

The value of the right to the subscription warrants was lower by PLN 180,000 than the provision created in 2022. As a result, the provision was released for this amount in 2023.

Scheme 2

An incentive scheme addressed to 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 recognized on that account in the current reporting period was PLN 1,316,000 and it was disclosed in other capitals.

3. In February 2023, PlayEmber FZ-LLC and ADC Games sp. z o.o. entered into a shareholder agreement with Jonathan Hook, who is a part of the key management of that company, whereunder Jonathan Hook subscribed to 1,500 shares, representing 15% in the share capital of PlayEmber FZ-LLC. Furthermore, the agreement

includes other standard provisions for shareholder agreements, such as Jonathan Hook's commitment to be involved in the activity of PlayEmber FZ-LLC and not to compete with the company, a clause restricting the transferability of his shares, and provisions regarding the return of the shares in the case of specific events related to any change of his involvement. Jonathan Hook is also conditionally entitled to subscribe to 1,000 new shares of PlayEmber FZ-LLC under an incentive scheme participation agreement. Shares will be acquired in four equal tranches, each at the end of the subsequent year following the conclusion of the agreement, on condition that the involvement in the development of PlayEmber FZ-LLC is continued.

The valuation was based on the adjusted net asset method using scenarios of $EMBR token issue (50%) or no token issue (50%). There was also an 8% probability (per annum) adopted that the right would not be exercised.

The amount of the provision recognized on that account in the current reporting period was PLN 272,000 and it was disclosed in other capitals.

26 Note to consolidated cash flow statement

	12 months ended 31 December	
	2023 (audited)	**2022** (audited)
Receivables		
Change of balance arising from the consolidated statement of financial position	**1,153**	**2,063**
– changes in impairment losses on receivables and loans	(254)	(1,458)
– change in the balance of loans	(2,187)	182
– acquisition of other financial assets	1971	-
Change in receivables arising from the consolidated cash flow statement	**683**	**787**
Liabilities		
Change of balance arising from the consolidated statement of financial position	**(1,314)**	**27,485**
– change in the balance of liabilities for loans received	(150)	(81)
– change in dividend liabilities	(553)	-
– balance change because of exercise of the call option	-	476
– change in capital contribution liabilities	20	(20)
– change in lease liabilities	150	183
Change in liabilities arising from the consolidated cash flow statement	**(1,847)**	**27,962**

27 Share of non-controlling interest

<u>Non-controlling interest</u>

On the balance sheet date, the Group has non-controlling interest worth PLN -1,460,000.PLN. The value of non-controlling interest consists mainly of the following companies (data before intercompany inclusions, data in in PLN '000):

	TapNice S.A..	**ADC Sp. z o.o.**	**PlayEmber Sp. z o.o.**	**Mobile Esports Sp. z o.o.**	**BoomPick Sp. z o.o.**	**PlayEmber FZ**
Current assets	1,975	2,010	476	308	81	2,589
Tangible assets	2,237	221	4.	239	18	2,226
Total assets	**4,212**	**2,231**	**480**	**547**	**99**	**4,815**
Equity	2,582	958	56	(55)	(2,875)	(3,643)
Long-term liabilities	180	-	-	510	-	-
Short-term liabilities	1,450	1,273	424	92	2,974	8,458
Total equity and liabilities	**4,212**	**2,231**	**480**	**547**	**99**	**4,815**

(All amounts given in thousand zloty (PLN '000) unless specified otherwise)

Sales revenue	8,674	5,681	300	1	612	2,961
Net profit/loss	629	(255)	165	(60)	(2,493)	(2,079)
Total comprehensive income	**629**	**(255)**	**165**	**(60)**	**(2,493)**	**(2,079)**
% of non-controlling interest	**40%**	**50%**	**50%**	**49%**	**40%**	**50%**
Non-controlling interest in net profit/loss	253	(128)	83	(29)	(996)	(2,313)
Non-controlling interest in equity	1,033	478	28	(26)	(1,150)	(1,822)
Dividends paid to non-controlling shareholders (including the interim dividend)	(124)	(225)	(204)	-	-	-

On the balance sheet date, there are no restrictions on access to assets and settlements of the Group's liabilities or any other protective rights which may limit the Company's access to assets and the settlement of the Group's liabilities.

Ownership changes took place during the current financial year which resulted in full control of subsidiaries – SkyLoft Sp. z o.o. and BoomLand FZ-LLC. Until the ownership changes, the companies generated losses of PLN -3,145,000 assigned to minority shareholders, which were disclosed as appropriate in the Group statement of comprehensive income.

28 Joint ventures

The Group had an affiliate which was a co-controlled company: Moondrip Sp. z o.o. in liquidation. Moondrip was deleted from the Polish National Court Register (KRS) dated 31 October 2023. The Group does not have any other co-controlled entities.

29 Changes in the Group structure

Acquisitions, mergers, increase of interest

Acquisition of Mobile Esports Sp. z o.o.

On 5 September 2023, the parent company acquired 52 shares of Mobile Esports Sp. z o.o. ("Mobile Esports"), which was 51% of its share capital, of a par value PLN 50 each and of a total par value PLN 2,600 for the price of PLN 4,000 from two Mobile Esports shareholders.

The 5th of September 2023 was also defined as the date of taking control of the company, as required under IFRS 3 sections 8-9. As a result of the purchase transaction, the company became a subsidiary.

Fair value of the acquired assets and liabilities as at the acquisition date

In order to settle the acquisition of Mobile Esports, the available and the most reliable financial data of the company were used, i.e., data as at 31 August 2023. The following data are related to settlement of the final acquisition.

Trade liabilities	1
Total liabilities	**1**
Current assets	4
Total assets	**4**
Identifiable net assets	**3**

As at the acquisition date, the value of the acquired receivables and liabilities did not substantially differ from their nominal value, which is why their nominal values were adopted.

Goodwill resulting from the acquisition

No goodwill was recognized in the consolidated statement of financial position as at the date of taking control due to the insignificance of the value.

Impact of the acquisition on the Group's results

Due to the insignificant results of Mobile Esports before the acquisition transaction, the acquisition transaction was recognized as if the merger took place at the beginning of the reporting period, i.e., on 1 January 2023, which is why all the results of Mobile Esports were included in the Group's results.

Impact of cash from acquisition (in PLN '000)

Expenses connected with acquisition of shares	4
Cash acquired	4
Net flows related to the acquisition	**-**

The acquisition of shares was financed from the Company's cash. The acquisition-related costs of the Group were PLN 4,000. No contingent assets or liabilities were identified in Mobile Esports as at the date of taking control.

Acquisition of BoomLand Global Sp. z o.o.

On 6 September 2023, BoomLand FZ-LLC acquired 95 shares of BoomLand Global Sp. z o.o. ("BoomLand Global") for PLN 5,000, which was 95% of its share capital. On 21 September, it bought the remaining shares from the Vice-President of the Board of Directors and it owns 100% of the company shares. At the moment of the acquisition, BoomLand Global was not engaged in any operating activities.
The 6th of September 2023 was also defined as the date of taking control of the company, as required under IFRS 3 sections 8-9. As a result of the purchase transaction, the company became a subsidiary.

Fair value of the acquired assets and liabilities as at the acquisition date

In order to settle the acquisition of BoomLand Global, the available and the most reliable financial data of the company were used, i.e., data as at 31 August 2023. The following data are related to settlement of the final acquisition.

Trade liabilities	1
Total liabilities	**1**
Current assets	5
Total assets	**5**
Identifiable net assets	**4**

As at the acquisition date, the value of the acquired receivables and liabilities did not substantially differ from their nominal value, which is why their nominal values were adopted.

Goodwill resulting from the acquisition

No goodwill was recognized in the consolidated statement of financial position as at the date of taking control due to the insignificance of the value.

Impact of the acquisition on the Group's results

Due to the insignificant results of BoomLand Global before the acquisition transaction, the acquisition transaction was recognized as if the merger took place at the beginning of the reporting period, i.e., on 1 January 2023, which is why all the results of BoomLand Global were included in the Group's results.

Impact of cash from acquisition (in PLN '000)

Expenses connected with acquisition of shares	0
Cash acquired	5
Net flows related to the acquisition	**-**

The acquisition of shares was financed from the company's cash. The acquisition-related costs of the Group were PLN 5,000. No contingent assets or liabilities were identified in BoomLand Global as at the date of taking control.

Acquisition of SkyLoft Sp. z o.o. shares

On 12 September 2023, BoomHits Sp. z o.o. acquired 50 shares in SkyLoft Sp. z o.o. ("SkyLoft") from SkyLoft's previous shareholder, which represented 50% of SkyLoft's share capital, of a par value PLN 50 each and a total par value PLN 2,500, for the price of PLN 2,500. This made BoomHits and the Group the holder of 100% of SkyLoft shares.

By then the Group had already had control of the Company, as required under IFRS 3 sections 8-9. What the transaction changed was the level of the non-controlling interest recognized in the balance sheet.

Impact on the Group's statements

As a result of the transaction, the Group reduced retained profit by PLN 1,410,000 and increased the capital attributable to non-controlling interest by PLN 1,407,000.

The acquisition of shares was financed from the Company's cash. The acquisition-related cost of the Group was PLN 2,600.

Acquisition of BoomLand FZ-LLC shares

BoomLand FZ-LLC was founded on 6 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, was the sole shareholder of BoomLand FZ-LLC. The purpose of the company is to run a blockchain-based project.

The 6th of May 2022 was also defined as the date of taking control of the company, as required under IFRS 3 sections 8- 9. As a result of the purchase transaction, the company became a subsidiary.

On 30 June 2022, the Parent 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 organizational structure) under the laws of the United Arab Emirates (or any other jurisdiction agreed between the parties), who will act in the area of tokenization, block-chain based games, and the NFT ("Entity"). According to the contractual arrangements, BoomBit S.A. 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 Parent 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 BoomBit S.A. is irrevocable, unconditional and, unqualified. Within the 18 months following the conclusion of the investment Contract, BoomBit S.A. was able to accept or reject the offer to acquire 100% of the Entity's shares. Any important actions regarding the Entity were taken in coordination with and with permission from BoomBit S.A. Although the Company did not hold more than 50% of the Entity's shares, it believed it has been controlling BoomLand FZ-LLC since the moment of its formation.

Pursuant to the investment contract concluded with the Vice-President of the Board of Directors on 30 June 2022, the parent entity entered into a contract on 12 October 2023 for the purchase of 100% of BoomLand FZ-LLC shares for USD 100.

Impact on the Group's statements

As a result of the transaction, the Group reduced retained profit by PLN 5,302,000 and increased the capital attributable to non-controlling interest by PLN 5,302,000.

The acquisition of shares was financed from the Company's cash. The acquisition-related cost of the Group was < PLN 1,000.

Acquisition of PlayEmber FZ-LLC shares

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

17 June 2022 was also defined as the date of taking control of the company, as required under IFRS 3 sections 8- 9. As a result of the purchase transaction, the company became a subsidiary.

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 organizational structure) under the laws of the United Arab Emirates (or any other jurisdiction agreed between the parties), who will act in the area of tokenization, 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 was able to accept or reject the offer to acquire 100% of the Entity's shares. Any important actions regarding the Entity were taken in coordination with and with permission from ADC. Although ADC does not hold more than 50% of shares of the Entity, it believed it has been controlling PlayEmber FZ-LLC since the moment of its formation.

Pursuant to the investment contract concluded with the Shareholder Directors on 18 August 2022, ADC Games signed a contract on 21 December 2023 for the purchase of 100% of PlayEmber FZ-LLC shares for USD 100.

Impact on the Group's statements

As a result of the transaction, the Group became the owner of 50% of ADC Games shares. As a result of the transaction, it reduced retained profit by PLN 2,054,000 and increased the capital attributable to non-controlling interest by PLN 2,054,000.

The acquisition of shares was financed from the company's cash. The cost related to the consolidation of the Group's control was < PLN 1,000.

30 Project grant under Operational Program Smart Growth 2014–2020 ("GameInn Program")

On 15 September 2020, the Group entered into a grant agreement with the National Centre for Research and Development (NCBiR) for the Company's project entitled: "Development of a system based on an artificial intelligence algorithm to

(All amounts given in thousand zloty (PLN '000) unless specified otherwise)

modifies game parameters during the gameplay in order to maximize the revenue of game creators who use Unity and to increase their savings in the process of adapting games to the needs of gamers" (Agreement").
Pursuant to the Agreement, the schedule of works provided for project execution from Q3 of 2020 to Q2 of 2023, with the total assumed cost of PLN 7.2 million and a maximum grant amount of PLN 3.8 million. An addendum was signed to the Agreement in February 2023 to extend the project period to 31 October 2023.

The project implementation period ended on 31 October 2023. In accordance with the grant agreement, the Company submitted a summary report to the NCBiR (Polish National Centre for Research and Development) where it summarized the achievement of all the milestones and requirements defined in the application. On 2 January 2024, the Company was informed by the NCBiR that the R&D project content report had been approved. On 15 April 2024, the NCBiR recognized the project was completed in terms of both content and financial matters.

Until 31 October 2023, the Group received a grant totaling PLN 1,929,000, including PLN 703,000 this year (PLN 1,226,000 in 2022 and PLN 2,849,000 from the start of the project), of which it settled the following in 2023:
• PLN 55,000 was disclosed in the statement of financial position as deferred income (item Trade and other liabilities) of 2022
• PLN 731,000 was recognized as reduction of the value of the development cost asset (PLN 2,793,000 from the start of the project),
• PLN 18,000 was disclosed in the statement of comprehensive income in other operating revenue (PLN 46,000 from the start of the project),
• PLN 9,000 remains to be settled by the NCBiR – it was disclosed in the statement of financial position as deferred income (item: Trade and other liabilities).

31 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 the affiliates presented herein. Liabilities toward affiliates are mainly from purchasing transactions and the payment date is 60 days following the purchase date. The liabilities do not bear interest. Trade receivables and liabilities arise not only from revenue and purchase but also from cost re-invoicing between the Group's companies. Re-invoices are not disclosed in revenue and purchase.

As at and for the year ended 31 December 2023, 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)	(audited)	(audited)	(audited)
Joint ventures						
Moondrip Sp. z o.o. under liquidation*	-	-	-	70	3	-
Parties with significant influence						
Karolina Szablewska-Olejarz	1	-	-	11	269	-
Marcin Olejarz	1	-	-	11	37	2
Anibal Soares	-	-	567	-	-	-
Marek Pertkiewicz	-	-	-	13	-	-
Grzegorz Regliński	1	-	-	-	122	135
	3	**-**	**567**	**105**	**431**	**137**

*The amounts disclosed in revenue and purchase pertain to periods from the beginning of the year to the liquidation of Moondrip in October 2023.

(All amounts given in thousand zloty (PLN '000) unless specified otherwise)

As at and for the year ended 31 December 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)_	_(audited)_	_(audited)_	_(audited)_
Joint ventures						
Moondrip Sp. z o.o.	-	-	-	103	-	-
Parties with significant influence						
Karolina Szablewska-Olejarz	1	-	-	4.	228	-
Marcin Olejarz	1	-	-	12	-	9
Anibal Soares	-	-	549	-	-	-
Marek Pertkiewicz	-	-	-	9	-	-
Grzegorz Regliński	-	-	-	-	128	11
	2	**-**	**549**	**128**	**356**	**20**

<u>Salaries and other benefits of governing bodies and key management</u>

	12 months ended 31 December 2023	12 months ended 31 December 2022
	(audited)	(audited)
Salaries and other benefits for the Directors, including:	6,824	8,254
Board of Directors of the parent company, including:	6,693	8,010
– provision for bonuses for the Directors	377	1,235
	4,306	4,641
Board of Directors of other entities	131	104
Salaries and other benefits for the Supervisory Board, including:	1,828	1,880
Dividend	1,416	1,526
Salaries of key management	186	369
	8,838	**10,503**

Starting from November 2020, the parent company operates Employee Capital Plans (PPK); the costs of the scheme incurred for the governing bodies and the management of BoomBit S.A. are insignificant.

32 Disclosures on the fee of the certified auditor or the auditing firm

The table below presents the fee of the auditing firm paid or payable for the year ended 31 December 2023 and for the benchmarking period:

	31 December 2023	31 December 2022
	(audited)	(audited)
Mandatory audit of annual standalone and consolidated financial statements	101	101
Review of annual standalone and consolidated financial statements	53	53
Other certification services	5	20
Total	**159**	**174**

Other certification services include the fee for review of the salaries report and, additionally in 2022, for the audit of the half-yearly standalone financial statements of the of the parent company.

33 Subsequent events

- On 5 April 2024, an agreement was signed to terminate the investment and shareholder contract signed on 21 February 2022 by the Company, Cherrypick Games S.A. ("Cherrypick") and BoomPick Games Sp. z o.o. ("BoomPick"). In order to perform the agreement and end the participation of Cherrypick in the joint venture, a contract was signed whereunder Cherrypick sold 40% of BoomPick shares to the Company for their nominal value. This way the Company became a 100% owner of BoomPick.
- On 10 April 2024, the liquidation of SkyLoft Sp o.o. opened.

These consolidated financial statements were prepared and signed by the Company's Board of Directors on 18 April 2024.

Marcin Olejarz
CEO

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

Marek Pertkiewicz
Director