

BOOMBIT



BOOMBIT S.A. GROUP MANAGEMENT REPORT

for 2023

GDAŃSK, 18 APRIL 2024

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1 Letter from the CEO

Dear Shareholders and Investors,

I hereby present a report summarizing the performance and the most important disclosures regarding the activity of the BoomBit S.A. Company and Group in 2023.

Our growth has always been driven by and built on the diversification of revenue sources and adaptability to the current market situation. The deteriorating economy in mobile advertising in 2022 and the consequent lower income from marketing campaigns made it more difficult to launch new games which are based on ads only. This is why in 2023, we decided to focus more on developing the production and release of Mid-Core and Casual games.

We have been intensely expanding our pipeline, which resulted in partnerships with several experienced developer companies with interesting products at an advanced preparation stage. Hence the prospects for a record number of such premières in 2024. The most important titles we expect to release this year are: *Dawn of Ages*, *Loot Heroes*, *Train King Tycoon*, as well as an improved version of *Hero Legacy* and our internal productions, such as *Bowling Club* and *Clash of Destiny* – a new game from the creator of *Hunt Royale*. There are currently more than ten titles in our release pipeline for 2024, plus the largest update so far to our most profitable game, *Hunt Royale*. We believe that some of them will not only become our most profitable games of 2024, but also our flagship productions, similar to the continuously popular *Hunt Royale* and *Darts Club*. We also have high hopes connected with the scale of our projects, which is record-breaking from the perspective of the publishing history of Mid-Core and Casual games.

More focus on Mid-Core and Casual games does not mean that we will gradually discontinue our activity in the Hyper-Casual segment. Such games remain an important source of our revenue and we are particularly happy with their improved performance in the last quarter of 2023 and at the beginning of 2024. This shows that experimenting with UA campaigns and marketing concepts pays off, especially when it comes to playable ads, which we have already started to offer as a service to internal entities.

Other interesting activities expected in 2024 include commercializing our own original tools and developing a cross-promo module for cross-advertising of our games and the games of our partners. At this point, I should mention Mobile Esports – a joint venture created in 2023 to develop a free-to-play platform that offers to its users a possibility of participating in gameplay with actual prizes. The platform may become an interesting alternative user acquisition channel.

Another area within our interest is to explore new game distribution platforms. More and more of our games are available on web browser platforms and on Google Play Pass. We are also planning to port our games to Steam and consoles.

The past year included further growth of the other segment of our activity – blockchain projects. The active involvement of our companies BoomLand and PlayEmber in various web3 projects resulted in revenue recognition of PLN 7.8 million in 2023. The blockchain segment continues to generate substantial costs, so its negative impact on the Group's performance is noticeable albeit significantly lower than in 2022. Our 2024 plans include, in particular, listing the \$BOOM in a decentralized crypto exchange and issuing the \$EMBR token.

Our total sales revenue was over PLN 245.5 million – 16% down from last year. This was because the performance of Hyper-Casual games was down by 43%, which was partially compensated for by Mid-Core and Casual games, which grew by 10% YoY. The fair value measurement of SuperScale s.r.o. shares had a significant positive impact on our performance in the current year as the shares were revalued up by about PLN 10 million. In contrast, the PLN

appreciation versus other currencies had a negative impact on our results. Once the impact of one-time events was eliminated, the 2023 consolidated adjusted EBITDA of the BoomBit Group was almost PLN 19 million, while the consolidated adjusted net profit/loss was PLN 4.8 million.

To conclude, our year-end performance in 2023 was below the level from the previous year but this was an important year for us in terms of operations. Due to the activities started in 2023, we have a rich publishing pipeline and we have services and tools that are ready to be commercialized. The coming year also looks interesting in terms of blockchain projects. All this gives us a reason to be optimistic about the further growth of the BoomBit Group.

The full report is presented below.

Yours faithfully,

Marcin Olejarz

CEO of BoomBit S.A.

2 Basic information

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

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

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

2.1 Basic information about the Parent Company

Name and legal form	BoomBit Spółka Akcyjna
Registered office and country of establishment	Gdańsk, Poland
Address	ul. Zacna 2 80-283 Gdańsk
Phone	+48 504 210 022
E-mail	office@boombit.com
Website	www.boombit.com
Objects of business	Development and publishing of computer games
NIP (tax identification number)	9571040747
REGON (Polish business statistical number)	221062100
Share capital	PLN 6,770,000.00, paid in full.
KRS (National Court Register number)	0000740933;

2.2 Governing bodies of the Parent Company

Board of Directors

On 31 December 2023 and on the date of this report, the Board of Directors consisted of:

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

Company's Supervisory Board

On 31 December 2023 and on the date of this report, the Supervisory Board consisted of:

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

2.3 Shareholder structure of the Company

BoomBit shareholding structure at 31 December 2023:

	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	120,000	60,000
	13,540,000	6,770,000

	Number of shares	Par value	Capital percentage	Voting percentage
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

Shareholding structure of BoomBit on the management report publication date, i.e., 18 April 2024:

	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 F – ordinary bearer shares	80,000	40,000
Class F – ordinary registered shares	40,000	20,000
	13,540,000	6,770,000

	Number of shares	Par value	Capital percentage	Voting percentage
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

2.4 Structure and organization of the BoomBit Group

The composition of the Group on 31 December 2023 and the changes in the structure of the Group which took place in 2023 are presented in Note 2 of the consolidated financial statements.

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

3 Selected financial data

3.1 Rules of preparing the consolidated financial statements

The consolidated financial statements of the BoomBit SA Group for the year ended 31 December 2023 were prepared:

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

The Board of Directors of the Parent Company used its best judgment as to application of standards and interpretations and as to the measurement methods and rules for individual items of the consolidated financial statements of the BoomBit S.A. Group in accordance with the EU IFRS for the year ended 31 December 2023. Due diligence was exercised in the preparation of tables and notes. The accounting principles (policy) applied to the preparation of the annual consolidated financial statements were presented in Note 3 of the consolidated financial statements of the BoomBit S.A. Group for the year ended 31 December 2023.

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

Basic consolidated financial data

(PLN '000)	01/01/2023 – 31/12/2023	01/01/2022 – 31/12/2022	2023-2022	2023/2022
Revenue on sales	245,536	294,040	(48,504),	-16.50%
Cost of sales	(218,639)	(267,678)	49,039	18.32%
Gross profit on sales	26,897	26,362	535	2.03%
EBIT	3,926	10,978	(7,052)	-64.24%
Net profit	9,535	9,237	298	3.23%

(PLN '000)	31/12/2023	31/12/2022	2023-2022	2023/2022
Intangible assets	37,612	24,824	12,788	51.51%
Other tangible assets	32,700	25,998	6,702	25.78%
Cash and cash equivalents	31,683	44,997	(13,314)	-29.59%
Other current assets	39,830	44,225	(4,395)	-9.94%
Total assets	141,825	140,044	1,781	1.27%
Equity	73,573	73,605	(32)	-0.04%
Long-term liabilities	6,925	2,506	4,419	176.34%
Short-term liabilities	61,327	63,933	(2,606)	-4.08%
Total liabilities	141,825	140,044	1,781	1.27%

Consolidated quarterly performance data

	Q4 2021	12 months of 2021	Q1 2021	Q2 2022	Q3 2022	Q4 2022	12 months of 2022	2022- 2021	% change 2022- 2021
Revenue, including:	72,348	294,040	65,436	62,763	55,294	62,043	245,536	(48,504)	-16%
micropayments and sale of digital copies	26,223	89,079	27,611	23,554	19,510	17,448	88,123	(956)	-1%
Advertising	44,918	202,007	37,048	38,272	32,537	38,998	146,855	(55,152)	-27%
Main variable costs:	-	-	383	508	2,453	4,481	7,825	7,825	0%
Commissions of platforms	53,300	221,652	48,446	45,234	37,618	42,761	174,059	(47,593)	-21%
User Acquisition*	7,633	25,410	7,320	6,802	5,618	5,009	24,749	(661)	-3%
Rev share	38,976	169,987	35,809	33,358	27,976	35,211	132,354	(37,633)	-22%
Revenue less main variable costs	6,691	26,255	5,317	5,074	4,024	2,541	16,956	(9,299)	-35%
EBITDA	19,048	72,388	16,990	17,529	17,676	19,282	71,477	(911)	-1%
Financial revenue/expenses	2,977	23,481	3,508	2,122	4,906	5,263	15,799	(7,682)	-33%
NET PROFIT/LOSS	61	(1,915)	298	10,299	675	(889)	10,383	12,298	-642%
One-time events, including:	545	2,666	149	(9,413)	1,381	930	(6,953)	(9,619)	-361%
<i>measurement of SuperScale shares</i>		899	-	(10,112)	-	-	(10,112)	(11,011)	-1225%
<i>costs of the incentive scheme in the part arising from the measurement of SuperScale shares</i>	-	-	-	654	-	-	654	654	-
<i>impairment losses on development costs</i>	309	309	-	-	1,310	947	2,257	1,948	630%
<i>impairment losses on loans granted and receivables</i>	236	1,458	149	45	71	(17)	248	(1,210)	-83%
Current/deferred tax on one-time events	(104)	(507)	(28)	2,144	(27)	(123)	1,966	2,473	-488%
Adjusted EBITDA	3,497	24,001	3,657	2,773	6,265	6,207	18,902	(5,099)	-21%
Adjusted NET PROFIT/LOSS	1,996	11,396	458	(527)	2,838	1,779	4,548	(6,848)	-60%
<i>minority interest</i>	(2,966)	(4,000)	(1,994)	(3,055)	(1,279)	52	(6,276)	(2,276)	57%

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

In the period covered by this report, the Group's total revenue (PLN 245.5 million) was 16% down from the previous year (PLN 294.0 million). Revenue on advertisements was PLN 146.9 million and it was 27% down from the revenue in the previous years. Revenue on micropayments was PLN 88.1 million and it was similar to that in 2023. The Group's share of revenue from micropayments continues to increase. The share was 36% in the period covered by these financial statements versus 30% in the benchmarking period. The revenue drop was caused mainly by the fact that there were few new releases, which arose from the decreasing profitability of the mobile advertising market for Hyper-Casual games and from the longer soft launch period of *Idle Farm* and *Bowling Club* for Mid-Code games. Lower revenue pertained in particular to older Hyper-Casual games where the product life cycle is shorter than for

Mid-Core games. The Group has a stable source of revenue in flagship titles, which are continuously enjoyed by the players. These include *Hunt Royale*, where the 2023 revenue calculated in USD (i.e., the dominant settlement currency) was just 1% down from the 2022 revenue, as well as *Darts Club*, with revenue up by 39% versus the previous year. Another factor adversely affecting the Group's revenue in the current period was PLN getting stronger in 2023.

The cost of sale was PLN 218.6 million, which was PLN 49.0 million (18%) down from the previous year. The drop resulted mainly from the higher user acquisition costs, which were PLN 132.4 million down by PLN 37.6 million (i.e., by 22%) from 2022 (PLN 170.0 million). The drop in the cost of goods sold was also caused by rev share costs, which were PLN 17.0 million in the current period and were down by PLN 9.3 million (i.e., by 35%) from the previous year. The drop in rev share costs is the outcome of poorer performance of the games in 2023 versus the previous year. At PLN 24.7 million, the costs of platform commissions dropped slightly too (from PLN 25.4 million in the previous year). The share of the main variable costs in relation to revenue less the revenue on blockchain dropped by two percentage points, i.e., from 75% in the year before to 73% in 2023.

Revenue less the main variable costs was similar to last year's figures as it was PLN 71.5 million versus the PLN 72.4 million in the previous year.

In the current reporting period, the Group was also involved in blockchain-based projects, pursued through the new companies in the Group's structure – BoomLand FZ-LLC, PlayEmber FZ-LLC and BoomLand Global Sp. z o.o. The total expenses incurred in connection with the execution of the projects was PLN 14.2 million in the 2023 (versus the PLN 10.6 million in the previous year), of which PLN 9.6 million was recognized in the profit and loss account (versus the PLN 6.3 million in the benchmarking period). In 2023, the Group started to earn revenue from this business segment, which totaled PLN 7.8 million.

As the scope of the Group's activity expanded and its game portfolio grew, the staff costs increased too. Staff costs recognized as development costs were PLN 21.2 million, which was PLN 7.3 up from the year before. The increase reflects the Group's increased involvement in the development of Mid-Core games, where the production time is longer than for Hyper-Casual games and some of the costs are capitalized in accordance with the Group's accounting policy. Staff costs included in the cost of goods sold were PLN 20.2 million in the current period, i.e., PLN 0.8 up from the analogical period in the previous year. The increase was caused, for instance, by higher game prototyping costs and maintenance costs of the existing games versus the previous year. In accordance with the Group's accounting policy, game maintenance costs are charged to the profit and loss account. The increase of the staff costs is also an outcome of higher costs of blockchain project development. In the analyzed period, the Group had PLN 3.6 million of staff costs charged to cost of sale and it disclosed PLN 2.6 million as development cost in connection with the development of those projects.

The Group continued to work with third-party developers, whose non-capitalized production costs were PLN 5.6 million in the current year, down from the previous year by PLN 2.0 million. The Group intensified its cooperation with external developers as regards the production of Mid-Core games, which substantially increased the costs disclosed as development costs. In 2023, capitalized production costs related to working with external developers were PLN 4.9 million and they were PLN 3.6 million down from the costs capitalized in the previous year.

General administrative costs increased by 3%, i.e., by PLN 0.5 million versus the previous year and they were PLN 16.9 million. The increase results, for instance, from the recognition of a provision for incentive schemes, which have increased in the current reporting period by PLN 1.2 million from the figures for the year before and they totaled PLN 1.6 million. The year 2023 was also marked by an increase in salary costs, which were charged to general administrative costs and which pertained to departments that were not directly connected with the production of games. Such costs increased by PLN 0.8 million versus the year before and they were PLN 0.8 million. At the same time, recruitment costs dropped to PLN 0.3 million, which was PLN 1.3 million down from the previous year's costs, whereas legal service costs dropped by PLN 0.3 million versus the previous year to PLN 1.3 million in 2023. The higher recruitment and legal service costs in 2022 were linked to the foundation of companies from the blockchain project segment in the United Arab Emirates and the search for specialists.

Performance of operating segments

(PLN '000)	2022			2023		
	Mobile games**	Blockchain projects	TOTAL	Mobile games**	Blockchain projects	TOTAL
Revenue	293,999	41	294,040	237,702	7,834	245,536
Adjusted EBITDA*	30,955	(6,954)	24,001	20,437	(1,535)	18,902
Adjusted net profit*	18,394	(6,998)	11,396	7,327	(2,779)	4,548
CAPEX	13,221	4,287	17,508	21,578	4,729	26,307

*In 2023 – fair value measurement of Superscale s.r.o. shares, costs of the incentive scheme in the part arising from the measurement of SuperScale s.r.o. shares, impairment losses on loans granted and receivables, and on development costs. In 2022 – fair value measurement of Superscale s.r.o. shares, impairment losses on loans granted and receivables, and on development costs.

**The values account for elimination of transactions between segments.

EBITDA (calculated as operating result less depreciation and amortization) adjusted by one-time events was PLN 18.9 million in the current period (versus the PLN 24.0 million in the previous year), while net profit adjusted by one-time events was PLN 4.5 million (versus the PLN 11.4 in the previous year).

Comparing the performance of the same mobile games segment with the previous year, the adjusted EBITDA was PLN 20.4 million (down by 34% YoY), whereas the net profit was PLN 7.3 million for the mobile games segment, which is 60% down versus the year before. The EBITDA in the blockchain projects segment was negative and it was PLN 1.5 million (PLN 6.9 million in 2022), whereas the adjusted net loss dropped from PLN 7.0 in 2022 to PLN 2.8 million in the current period.

The Group's total assets as at 31 December 2023 were PLN 141.8 million, i.e., PLN 1.8 million up from 2022. The increase in assets is related mainly with the increase in the balance of intangible assets by PLN 12.8 million in total, arising from the increased development costs of especially Mid-Core and Casual games. The increase in the Group's assets was also the outcome of revaluation of SuperScale s.r.o. shares to fair value. The value of shares at the end of the current period was PLN 13.3 million, which is PLN 9.8 up versus the previous year and it fully refers to the SuperScale s.r.o. shares. At the same time, the balance of cash and cash equivalents dropped by PLN 13.3 million versus 2022 to reach PLN 31.7 million by the end of this period and the balance of cryptographic assets dropped by PLN 3.8 million. Furthermore, the balance of the financial assets outstanding in connection with loan repayment by SuperScale s.r.o. dropped from PLN 2.2 million in 2022 to zero.

As far as liabilities are concerned, the total liabilities were PLN 68.3 million, which was a PLN 1.8 million increase versus the December 2022 closing balance. The factors contributing to the change included but were not limited to the Integration Fee from IS, which was presented as at 31 December 2022 as a liability of PLN 20.9 million under the ad mediation agreement, whereas on the end date of the current reporting period it represented deferred income in the amount of income that is yet to be recognized income of PLN 12.3 million and is presented in "Other liabilities." Other major matters that contributed to the change included a trade liabilities increase by PLN 7.5 million and a deferred income tax liabilities increase of PLN 4.5 million. Equity remains at a level similar to the year-end balance for 2022.

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

Basic standalone financial data

(PLN '000)	01/01/2023– 31/12/2023	01/01/2022– 31/12/2022	2023-2022	2022/2022
Revenue on sales	164,131	183,082	(18,951)	-10.35%
Cost of goods sold	(141,066)	(158,227)	17,161	-10.85%
Gross profit on sales	23,065	24,855	(1,790)	-7.20%
EBIT	6,367	13,200	(6,833)	-51.77%
Net profit	12,453	15,832	(3,379)	-21.34%

(PLN '000) PLN)	31/12/2023	31/12/2023	2023-2022	2022/2022
Development costs	28,526	17,819	10,707	60.09%
Other tangible assets	26,780	20,515	6,265	30.54%
Cash and cash equivalents	14,636	30,939	(16,303)	-52.69%
Other current assets	59,866	54,568	5,298	9.71%
Total assets	129,808	123,841	5,967	4.82%
Equity	80,009	76,535	3,474	4.54%
Long-term liabilities	5,538	2,672	2,866	107.26%
Short-term liabilities	44,261	44,634	-373	-0.84%
Total liabilities	129,808	123,841	5,967	4.82%

In the period covered by this report, the Company's revenue (PLN 164.1 million) was 10% down from the previous year (PLN 183.1 million). The main source of the Company's revenue in 2023 was the rev share revenue from affiliates totaling PLN 145.8 million, i.e., 89% of total revenue (PLN 177.8 million, i.e., 97% of the total revenue in the previous year). The leading business partner of the Company is BoomBit Games Ltd., accounting for 88% of the Company's revenue (versus 95% in the previous year).

The cost of sale was PLN 141.1 million, which was PLN 17.2 million (11%) down from the previous year. The drop is mainly the outcome of the lower user acquisition expenses, which were PLN 91.1 million and, when charged to the cost of sale, they were PLN 17.9 million, i.e., 16% down from the previous year. The drop in the cost of goods sold was also caused by lower rev share costs, which were PLN 12.8 million in the current period and were down by PLN 6.8 million (i.e., by 35%) from the previous year. The drop in rev share costs is the outcome of poorer performance of the games in 2023 versus the previous year. At the same time, the cost of salaries charged to the cost of sales grew by PLN 1.6 million versus 2022 and the costs of programs, subscriptions, and servers grew by PLN 1.0. A new cost (when compared to 2022) appeared in 2023, which was related to a part of the Integration Fee

from IS distributed by the Company to other Group companies. The total cost on that account in 2023 was PLN 3.2 million.

The current year's profit/loss on operations was PLN 6.4 million and it was down from the year before by PLN 6.8 million, i.e., 52%. Except for the gross profit/loss on sales down by PLN 1.8, this was especially due to foreign exchange gains/losses. The profit/loss on other operations was down by PLN 4.8 million due to foreign exchange gains/losses. In 2023, the Company recognized the amount of foreign exchange losses over foreign exchange gains of PLN 3.5 million in other operating costs, whereas in 2022 the Company recognized the amount of foreign exchange gains over foreign exchange losses of PLN 1.3 million in other operating income.

In the current reporting period, the Company verified loans granted and receivables for expected credit losses as required by IFRS 9. As a result of an analysis, the Company recognized PLN 0.5 million of impairment losses on receivables in 2023 and charged them to other operating costs. At the same time, it reversed the impairment losses on receivables created in previous periods, for a total of PLN 1.4 million, by charging this value to other operating income. Furthermore, in 2023 it recognized PLN 5.6 million of impairment losses on loans in financial costs. The total value of impairment losses on account of expected credit losses on the balance sheet date was PLN 8.4 million (5.0 million as at 31 December 2022). Details regarding the impairment losses are presented in section 4 hereof.

The Company's assets as at 31 December 2023 were PLN 129.8 million, i.e., PLN 6.0 million more than at the end of 2022. The increase in assets is related mainly with the increase in the balance of intangible assets by PLN 10.7 million in total, arising from the increased development costs of especially Mid-Core and Casual games. The increase in the Group's assets was also the outcome of revaluation of SuperScale s.r.o. shares to fair value to PLN 9.8 million. At the same time, the balance of cash and cash equivalents dropped by PLN 16.3 million versus 2022 to reach PLN 14.6 million by the end of this period.

As far as liabilities are concerned, the total liabilities were PLN 49.8 million, which was a PLN 2.5 million increase versus the December 2022 closing balance. The growth is mainly an outcome of the deferred income tax liability increase by PLN 2.9 million.

Equity in 2023 grew by PLN 3.5 million in connection with the net profit recorded by the Company (PLN 12.5 million) and the PLN 1.4 million increase in other capitals due to entry of the Company's share warrants in the books (see Note 23 in the standalone financial statements). The equity increase was partially compensated by disbursements to owners of PLN 10.4 million (see Note 12 in the standalone financial statements).

3.4 Group profitability analysis

Profitability indexes	Formula	01/01/2023– 31/12/2023	01/01/2022– 31/12/2022
Gross margin on sales	Profit / Gross loss on sales / revenue on sales	11.0%	9.0%
EBIT margin	Profit / Operating loss / revenue on sales	1.6%	3.7%
EBITDA margin	Profit / Operating loss plus depreciation and amortization / revenue on sales	6.4%	8.0%
Net profit margin	Profit / Net loss / revenue on sales	3.9%	3.1%
Return on assets ROA	Profit / Net loss / assets at the end of period	6.7%	6.6%
Return on equity ROE	Profit / Net loss / equity at the end of period	13.0%	12.5%
Adjusted profitability indexes*	Formula	01/01/2023– 31/12/2023	01/01/2022– 31/12/2022
EBIT margin	Profit / Operating loss / revenue on sales	2.9%	3.9%
EBITDA margin	Profit / Operating loss plus depreciation and amortization / revenue on sales	7.7%	8.2%
Net profit margin	Profit / Net loss / revenue on sales	1.9%	3.9%
Return on assets ROA	Profit / Net loss / assets at the end of period	3.2%	8.1%
Return on equity ROE	Profit / Net loss / equity at the end of period	6.2%	15.5%

**In 2023 – fair value measurement of Superscale s.r.o. shares, costs of the incentive scheme in the part arising from the measurement of SuperScale s.r.o. shares, impairment losses on loans granted and receivables, and on development costs. In 2022 – fair value measurement of Superscale s.r.o. shares, impairment losses on loans granted and receivables, and on development costs.*

The Group's 2023 profitability indexes were slightly higher than in 2022. This is especially visible in the case of gross margin on sales. Revenue less the main variable costs remained at a level similar to last year's, with a 16% drop in revenue on sales. The drop pertains to two profitability ratios, i.e., EBIT profitability ratio and EBITDA profitability ratios, which is the outcome of the profit/loss on other operations. Other operating costs on account of the amount of foreign exchange losses over foreign exchange gains were PLN 2.9 million, whereas in the previous financial year the Group had a revenue of PLN 2.5 from the amount of foreign exchange gains over foreign exchange losses.

The Group's adjusted profitability ratios were slightly lower than in 2022. The most important item of one-time events used to adjust the items for the calculation of such ratios is the fair value measurement of SuperScale s.r.o. shares. The increase in the value of shares recognized in financial revenue was PLN 10.1 million.

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

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

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

In the current financial year, the Group allocated free cash to short-term fixed-rate deposits and in units of money market funds.

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

As at 31 December 2023 and as at the date of these financial statements, the Company and the subsidiaries forming the Group have no major off-balance-sheet items.

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

Area of game development and publishing

Details of the games released by the Group are presented in section 16 of this report.

Blockchain projects

In 2023, the Group continued its activity involving blockchain projects. It currently continues to work on two independent projects of this type, managed by new companies in the Group's structure – BoomLand FZ-LLC ("BoomLand") and PlayEmber FZ-LLC ("PlayEmber").

BoomLand FZ-LLC

BoomLand was created as a gaming platform for Web 3 games based on the Polygon blockchain network. The Group plans to release both its own and third-party games on the platform. In Q1 2023, the beta version of *Hunters on Chain* was launched; it was the first game released on the BoomLand platform. In July 2023, *Hunters on Chain* was released on the Polygon blockchain main network on an early access basis. In August 2023, a mobile version of this title was also released on Google Play. The game continues to be developed through the addition of more features and modes.

The \$BOOM utility token was issued in October 2023 (TGE – Token Generation Event); it serves not only as currency in games published by BoomLand but it also grants its holders access to exclusive events and offerings and enables them to co-decide about the development directions for the platform. In December 2023, BoomLand signed a contract with the operator of the Immutable protocol, offering quick transaction processing and very low processing costs. Under that contract, BoomLand undertook to complete full and exclusive integration with the Immutable platform and it will receive a grant in the form of IMX tokens, depending on the attainment of the milestones defined in the contract. As at the date hereof, 20% of the total grant amount was unlocked, which the company will receive in monthly installments for 24 consecutive months. The first revenue on that account was recognized in February 2024.

The Company expects the IDO (Initial DEX Offering) to take place in Q2/Q3 2024, i.e., the offering of the \$BOOM token at a decentralized exchange.

In connection with the planned issue of \$BOOM, BoomLand signed contract for the sale of that token in 2022 and 2023 (SAFTs – Simple Agreements for Future Tokens). In accordance with the Group's accounting policy, the revenue from the SAFTs was presented in liabilities until the TGE. In Q4, they were disclosed once in revenue, as USD 921,000 in total. BoomLand also earned revenue on the sale of the NFTs (characters and objects for *Hunters on Chain*) – the total revenue on that account in 2023 was PLN 1.3 million.

PlayEmber FZ-LLC

PlayEmber created an SDK tool for combining traditional mobile games with the NEAR blockchain network. Games with this functionality offer extra benefits to players who decide to create or add to their NEAR wallet in the game. The simple implementation of the SDK balances out the high technological and financial barriers for developers interested in entering the Web 3 area.

According to data shared by DappRadar, PlayEmber is currently second in terms of UAWs (Unique Active Wallets) in a category of games in the NEAR network and in the TOP 10 of all blockchain networks.

So far, the Company has received approximately USD 2.6 million from third parties (payment in \$USDC and \$NEAR tokens) under the SAFTs for the sale of \$EMBR tokens under the Agreement with the NEAR Foundation. In Q2 2023, the Company achieved all the milestones under the NEAR Foundation grant agreement signed on 2022. The total revenue on that account was USD 500,000 and it will be settled on a straight-line basis over 12 months. The Company continues to work with the NEAR Foundation and, as a part of this partnership, it receives the consideration the moment it achieves the milestones regarding the number of active wallets in the NEAR network (Weakly Active Wallets) created by the users of PlayEmber games. In September 2023, the Company achieved the first milestone under that agreement and received USD 350,000 (payable in the USDC cryptocurrency). The total revenue of PlayEmber recognized in 2023 was PLN 2.7 million.

In January 2024, the Company completed another milestone under the agreement with the NEAR Foundation, receiving USD 450,000 on that account (payable in the USDC cryptocurrency).

According to PlayEmber, the concept of ownership and projects belonging to the community is a key part of the culture and success of projects in the Web3 world. With that in mind, the company is planning to build a decentralized IP belonging to the community of players having the \$EMBR token, which is scheduled to be issued in the middle of the current year.

To achieve higher conceptual assumptions, the following operational structure will be created for the project, based on commonly used Web3 market practices:

Offshore foundation

Foundation is a unique legal structure used for the issue of tokens. Its most important characteristic that sets it apart from traditional legal forms, such as for instance commercial law companies and partnerships, is that it has no owner from a legal perspective (an ownerless vehicle). A foundation works as a neutral and independent entity managing the issue of tokens and its related assets separately from the main programming team or any person. This means that the assets of a foundation, including the generated tokens and the revenue from the sale of the tokens, are not directly controlled by any person or entity. The foundation's assets are used for a specific purpose, usually formulated in its constitution documents. In the case of blockchain, this purpose is often linked to developing and promoting a specific blockchain platform or protocol. The NEAR Foundation, which PlayEmber has worked with so far, is an example of such a foundation.

The \$EMBR token to be issued by the Foundation will have applications not only in games issued by PlayEmber but also in the whole ecosystem co-created by the Foundation and PlayEmber (for example by giving access to exclusive prizes and events for the community, an opportunity to acquire the NFTs or physical gadgets).

PlayEmber

The company will continue its role as a developer and publisher creating an ecosystem of Casual web3 games on mobile platforms as well as Roblox games. PlayEmber will also provide a number of services to the Foundation (including programming services, R&D, IP licensing, marketing).

Details of the financial standing and performance of this segment of the Group's activity in 2023 are presented in Note 7 of the consolidated statement of financial position.

SuperScale financial round

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. 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.

Impairment losses on development costs

As a result of impairment tests, the Group recognized the following impairment losses on development costs:

- In Q3 2023 – costs related to merge projects (including *Royal Merge*, games at the production stage, and a merge game engine) totaling PLN 1.3 million.
- In Q4 2023 – costs of games at the production stage in conjunction with the discontinuation of several projects totaling PLN 1.0 million.

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

As at the balance sheet date, the Group verified loans granted and receivables for expected credit losses (ECL) as required by IFRS 9. Details are presented in section 27 hereof, in Notes 18 and 22 of the standalone financial statements and in Notes 20 and 24 of the consolidated financial statements.

Currency exchange rates

Currency exchange rates had a major impact on the performance the Group in the current financial year. Since the sale of the Group's products is addressed to foreign markets (such as North America, Europe, Asia), the dominant accounting currencies in foreign transactions are USD and GBP. About 83% employees and contractors of the Group are paid in PLN. As a result, the value of the Group's revenue is negatively correlated to the value of the Polish currency. Approximately 17% employees and contractors receive salaries denominated in EUR, GBP and USD. The dynamic foreign exchange rate changes that took place in 2023 significantly influenced the Group's performance.

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

Operations of the Group

To the best of its knowledge, as at the report publication date, the Group estimates that the total revenue on games in Q1 2024 was about PLN 58,664,000, of which 46.3% was attributed to Hyper-Casual games and 53.7% to Mid-Core and Casual games. The Group also expects the UA costs to be about PLN 33,908,000, 56.6% of that cost attributable to Hyper-Casual games. Additionally, in the first quarter of 2024, the Group earned PLN 2,883,000 of proceeds from blockchain projects. Disclosures of the monthly revenue on sales in Q1 2024 were reported in ESPI current reports.

The Group works intensely on developing its games portfolio in the Mid-Core/Casual segment. More than ten titles are planned to premiere in 2024, both produced internally and from external developers (for whom the Group will act as a publisher). The most important ones are:

- April 2024 – *Bowling Club*
- May 2024 – *Dawn of Ages* (created by Stratosphere)
- Q2 2024 – *Dark Forest* update to *Hunt Royale*, substantially expanding the content and adding new gameplay elements
- Q2 2024 – *Clash of Destiny*, a turn-based fantasy RPG game, a new title from the creator of *Hunt Royale*
- Q2 2024 – *Hero Legacy*, an improved version of an adventure RPG game
- Q3 2024 – *Hunt Origin* (working title), with plot taking place in the *Hunt Royale* universe but completely new games and game mechanics
- Q3 2024 – *Train King Tycoon* (created by Charged Monkey)
- Q3 2024 – *Loot Heroes* (created by Madcore), a fantasy RPG game with cooperation elements
- Q3 2024 – *Idle Royal Stories* (created by Outlou:d Games)

The Group's prospects in the current financial year are closely correlated with the revised strategy of the Group presented in section 11 hereof.

External factors

Section 13.1 of this report describes the risk factors linked to the environment in which the Group operates.

6 Major research and development achievements

In the current year, the Company continued to work on the project "Development of a system based on an artificial intelligence algorithm to modify game parameters during the gameplay in order to 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" ("GameInn Program").

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.

The expenses incurred in connection with the project totaled approx. PLN 6.5 million, whereas the total grant received was about PLN 2.8 million.

Furthermore, the Company was engaged in development work connected with new games and with further development of existing titles as well as of its own tools to support the game development process, the creation of playable ads, data analysis in the area of user acquisition, and gaming platform Mobile Esport.

7 Current and anticipated financial standing

The financial standing of the Company and the Group is stable, which enables it to work on new games with its own funds.

8 Treasury shares

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

9 Company branches (subsidiaries)

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

10 Financial instruments

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

11 Growth strategy

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

The Group and the Company intends to continue its development in the following main areas:

- Production and release of mobile games (mainly Mid-Core and Hyper-Casual games) using BoomBit's internal resources
- Co-production and release of mobile games from external developers
- Business growth through creation of joint ventures

The other areas of the Group's activity:

- Creation, porting, and release of games on new platforms (e.g., Nintendo Switch, Google Play Pass, Steam, consoles, web browser platforms)
- Commercialization of the services and tools used so far for internal needs (including services related to user acquisition, game design, playable ads, BI, cross promo)
- Implementation of projects in the area of games and tools using the blockchain technology

- Analysis of new revenue sources related to the creation and distribution of games and new user acquisition sources

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

- brand recognition in the mobile games and web3 industry,
- understanding of market trends and the ability to commercialize games of selected genres;
- the competencies and tools required to provide comprehensive services to developer companies;
- flexible structure which allows the Group to adapt its resources and competencies to dynamically changing market conditions;
- diversified revenue sources in terms of game genres, revenue type (advertisements/micropayments) and geographic structure;
- a team of experts and original analytical by tools in the area of User Acquisition and Monetization optimization;
- internally developed tools allowing the Group to shorten the production process and optimize unit costs of game production (known as CORE);
- use of free-of-charge game promotion in Digital Distribution stores – Featuring,
- efficient use of tools for promotion of the Group's own titles in other games released by the Group (Cross-Promo);
- high positioning in Digital Distribution platform search results in the currently supported genre categories, the position of a leading developer – Driving Simulator, Bridge, (puzzle-type games);
- a key team engaged in growing the value of the BoomBit Group, motivated by:
 - the salary of the production team tied to the success of a particular production, i.e., Revenue Sharing;
 - an incentive scheme for the key management of the Company (see Note 23 in the standalone and Note 25 in the consolidated financial statements);
 - incentive schemes for the teams working on the blockchain-based projects.

12 Description of the policy pursued by the Group as regards its development directions

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

13 Risk management

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

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

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

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

Risks related to the macroeconomic environment

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

Risk related to changes in tax legislation

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

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

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

Risk of additional legal restrictions

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

Risk related to personal data protection

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

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

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

Risk of changes to privacy rules

The Group sees the risk of further changes in the privacy policies of distribution platforms, including Google Play, due to the expansion of the "Privacy Sandbox" initiative to include phones with Android. The purpose of such actions is to limit the possibility of tracking the user within an app and limit the possibility of obtaining data and transmitting them to advertising networks. Google is currently testing the solution on a small number of devices on Android 13 and the above changes are estimated to be introduced worldwide in Q3 of 2024. For more details on the coming changes, go to: <https://www.privacysandbox.com/>

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

Foreign exchange risk

The BoomBit Group is exposed to a currency risk in its business. Since the sale of the Group's products is addressed to foreign markets (such as North America, Europe, Asia), the dominant accounting currencies in foreign transactions are USD, EUR and GBP. As a result, the value of the BoomBit Group's revenue is negatively correlated to the value of the Polish currency. Appreciation of PLN against USD, EUR, and GBP may have a negative impact on some of the presented items of the BoomBit Group's consolidated financial statements, and especially on revenue on sales, which may in turn have a negative impact on the Group's financial result considering that fixed production costs are borne in PLN. Furthermore, since some specialists in the Group are paid in EUR and in GBP, any appreciation of these currencies versus other currencies (especially USD) may adversely affect some of the presented items of the consolidated financial statements. The BoomBit Group regularly analyzes the need to apply hedging against the

currency risk. As at the date of this report, the BoomBit Group does not apply any hedging to secure itself against the currency risk.

Risk related to the situation in the advertising industry

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

Competition risk

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

Risk related to consolidation of competitors

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

Risk of becoming dependent on key distributors

The BoomBit Group identifies dependency on the entities managing the key distribution platforms, i.e., Google and Apple. The revenue of the BoomBit Group comes from games distributed by those entities through their digital distribution platforms or websites. Those entities are also among the largest game and app distributors worldwide. Any change in the policy of Google and Apple as regards acceptance of products for distribution will require the BoomBit Group to adapt its existing or future products, which may be tough to achieve in a short period or may

generate additional high costs. There is also a risk that distribution will be limited if a business partner exercises the rights reserved for it in its contract with the BoomBit Group or arising from its internal regulations. There is also a risk that a business partner may terminate the contract.

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

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

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

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

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

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

Risk of unforeseen trends

There is a risk that unforeseen trends may emerge in the market of mobile games and that the existing products of the BoomBit Group will be inconsistent with such trends. Likewise, a new BoomBit Group product created for the current preferences of consumers may be met with poor reception due to a sudden change of trends and,

consequently, the return on investment in the form of production costs and marketing costs may not be as high as was originally estimated by the Board of Directors of BoomBit. Such situations may adversely affect the operations and financial results of the BoomBit Group.

Risk that a game will not be promoted by the distributors

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

Risk related to suppliers of the technologies used to develop games

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

This entails two risk factors:

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

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

Change of Unity pricing

On 18 November 2023, Unity Technologies (hereinafter: "Unity") announced new pricing, i.e., introduction of the Unity Runtime Fee (hereinafter: "Unity Fee"), which is to apply since the launch of Unity 6 (in the course of 2024) to developers creating games based on the Unity engine in the present and later versions. The new fee will apply to

games with more than one million installations and, concurrently, with revenue of at least USD one million over the past 12 months. Every subsequent installation of a game meeting the above criteria will be subject to a fee between USD 0.01 and USD 0.15, depending on the number of downloads, the country where the game was installed, and the type of the Unity license held by the developer. According to the information from Unity, strategic partners such as the Company are to be exempted from this fee for all games based on Unity LevelPlay ad mediation (formerly ironSource). About 95% of the Group's advertising revenue is mediated by Unity LevelPlay. In view of the foregoing, the Group is not currently expecting the Unity pricing change to significantly affect its operations and future profit/loss. At the same time, the Group continues to identify the risk described in Note 11.1 linked to the providers of the technologies used in the development of games.

13.2 Risk factors related to the operations of the BoomBit Group

Risk related to loss of key team members and staff turnover

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

Risk related to delays in game development

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

Risk of deterioration of the image of the BoomBit Group

The image of the BoomBit Group is influenced by opinions of consumers, and especially opinions posted online, in particular through specialized game review websites and on distribution platforms. Distribution takes place mainly through digital channels so negative opinions may cause the customers and business partners of the BoomBit Group

to lose trust and may affect the Group's reputation. The image of the BoomBit Group may also be affected by unpredicted errors in the game code which make it hard or impossible to use it. This could adversely affect the financial results of the BoomBit Group.

Risk related to litigations and administrative proceedings

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

Risk related to loss of financial liquidity

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

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

Risk of fortuitous events

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

Human factor risk

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

Risk of downtime and failure of an IT system

In its activity, the BoomBit Group uses advanced IT systems based on modern technologies to create top-quality games. Additionally, the BoomBit Group uses infrastructure owned by third parties in its business. The above

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

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

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

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

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

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

Risk related to transactions with affiliates

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

Risk related to inadequate insurance coverage

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

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

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

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

Risk of new platform and technology launches

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

Risk of foreign governing law in contracts

The BoomBit Group signs contracts with foreign entities in its business, which often means that a contract is governed by a foreign law. Consequently, there is a risk that if a dispute arises between the BoomBit Group and its business partner, the law of the foreign country will be the governing law. The Group has also signed contracts

where courts of a foreign country have jurisdiction over disputes. If such disputes arise, the BoomBit Group may be forced to manage litigation abroad, which may entail high costs.

Risk that a game will not be successful in the market

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

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

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

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

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

Risk of claims related to intellectual property rights

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

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

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

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

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

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

Risk arising from family relations between members of BoomBit governing bodies

The Company's minority shareholders are Mrs. Karolina Szablewska-Olejarz and Mr. Marcin Olejarz, who are married. Mr. Marcin Olejarz is the CEO, while Mrs. Karolina Szablewska-Olejarz is the Chairwoman of the Supervisory Board. The existence of family relations between Mr. Marcin Olejarz and Mrs. Karolina Szablewska-Olejarz combined with them serving on different governing bodies of the Company (having different roles at the Company) may lead to a conflict of interests. According to BoomBit's Articles of association, a Director shall inform the Board of Directors and a Supervisory Board Member shall inform the Supervisory Board about any existing or potential conflict of interest related to their function and refrain from participating in the discussion and from voting on a resolution regarding the matters to which the conflict of interest applies.

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

The BoomBit Group business model is based mainly on proceeds from micropayments and from the advertisements displayed in the games released by the Group companies. In the course of the Group's current operations, there may be one-off transactions for significant amounts that do not follow the basic business model. The identified risk factor

may result in incomparability of performance in the BoomBit Group Group's basic operations BoomBit in particular years.

13.3 Risk factors related to the capital market

Risk related to dividend payment in the future

Pursuant to Article 348(4) of the Polish Companies Code, the general meeting of a public company sets the record date and the dividend payment date. The maximum amount that can be allocated for distribution between the shareholders equals the profit for the last financial year plus non-distributed profit brought forward and the amounts transferred from any spare and reserve capitals created from profit less any non-covered losses, treasury shares, and other amounts that should be allocated to the spare or reserve capital.

Article 347(4) of the Polish Companies Code states that if the costs of development work classified as company assets are not completely written down yet, it is not possible to distribute the profit amounting to the non-written-down development costs, unless the reserve and spare capital available for distribution and profit brought forward amount at least to the non-written-down costs.

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

Furthermore, the resolution on dividend payment is adopted by an absolute majority of votes. Considering the shareholding structure, it cannot be ruled out after the IPO and the listing of BoomBit in the stock market that the interests of minority shareholders may differ from the interests of the major shareholders. In view of the above, with appropriate distribution of votes, there is a possibility of passing a resolution on dividend payment which meets the expectations of the key shareholders.

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

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

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

Admission of the Company's Shares to the stock market should not be interpreted as guaranteeing the trading liquidity. If an appropriate trading level is not reached or maintained, this may adversely affect the liquidity and the

Share price. Even if an appropriate Share trading level is reached, the future market price of the Shares may still be lower than it is now. So there is no guarantee that a buyer of BoomBit's Shares will be able to sell them at any time and at a satisfactory price.

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

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

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

14 Declaration on corporate governance

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

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

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

The rules in effect in 2023 which the Company decided not to apply and the reasons why.

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

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

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

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

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

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

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

Commentary of the Company: *The principle is not fully applied. In order to ensure proper communication with the stakeholders, the Company posts on its website the information about its strategy but, considering the nature of its business, it does not present the financial and non-financial measures related to the strategy. Striving to increase the value of the Company and the Group, the Company regularly analyzes the current trends in the market of mobile games in order to adapt the publishing plan to the dynamically changing preferences of players, using the resources and competencies at its disposal. In each of the periodic reports, the Company presents the number of games released in that period. The area of authority of the Company's Directors is presented on the website on: <https://boombit.com/pl/ir/wladze/zaradz/>*

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

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

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

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

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

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

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

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

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

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

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

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

3.6. The person managing internal audit reports organizationally to the CEO and functionally to the Chairman of the Audit Committee or the Chairman of the Supervisory Board, if the latter acts as an audit committee.

Commentary of the Company: *The principle is not applied because no Internal Auditor has been appointed at the Company.*

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

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

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

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

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

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

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

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

that the salary amount reflects the tasks and obligations performed by specific individuals and the related responsibility.

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

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

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

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

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

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

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

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

Information about the shareholders is presented in section 2.3 hereof.

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

Class A Shares, which are held by:

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

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

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

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

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

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

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

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

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

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

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

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

A detailed scope of authority of the Board of Directors is defined in the Bylaws of the Board of Directors available on <https://investors.boombit.com/lad-korporacyjny/dokumenty/>.

Rules of amending the Company's Articles of Association

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

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

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

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

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

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

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

On 31 December 2023 and on the date of this report, the Board of Directors consisted of:

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

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

On 31 December 2023 and on the date of this report, the Supervisory Board consisted of:

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

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

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

The Audit Committee consists of three members:

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

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

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

Functioning of the Board of Directors

The Board of Directors functions based on the applicable laws and the Articles of Association. Detailed rules of organization and functioning of the Board of Directors may be defined in the Bylaws of the Board of Directors. The Bylaws of the Board of Directors are adopted by the Board of Directors and approved by a resolution of the Supervisory Board. The Board of Directors is obligated to manage the affairs and the property of the Company and

perform its duty with the due care as required in business, in accordance with resolutions of the General Meeting and the Supervisory Board.

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

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

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

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

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

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

The current rules of paying remuneration to the Directors are defined in the Remuneration Policy for Directors and Supervisory Board Members of BoomBit S.A., adopted in Resolution 18 of the Annual General Meeting of BoomBit S.A. with its registered office in Gdańsk on 21 June 2023 amending the remuneration policy for Directors and Supervisory Board Members (document available on <https://investors.boombit.com/lad-korporacyjny/dokumenty/>).

Functioning of the Supervisory Board

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

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

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

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

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

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

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

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

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

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

Description of the functioning of the Audit Committee

The Audit Committee was appointed by a resolution of the Supervisory Board of 7 August 2019. The Audit Committee meets at least three (3) times in every financial year. According to the Bylaws of the Audit Committee, in its monitoring of the financial reporting process the Audit Committee shall:

- analyze the information presented by the Board of Directors regarding any material changes in accounting or in financial reporting and regarding any estimated data or assessments which may be relevant for the Company's financial reporting;
- analyze the applied accounting methods adopted by the Company and its Group;
- review the management accounting system;

- analyze, together with the Board of Directors and external auditors, the financial statements and the audit results for such statements;
- present recommendations regarding approval of the financial statements audited by the auditor, the periodic reports and the communications about the Company's performance to the Supervisory Board in order to ensure their compliance with the applicable accounting standards.

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

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

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

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

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

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

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

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

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

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

BoomBit S.A. was the recipient of authorized non-audit services provided by the company auditing the financial statements of BoomBit S.A. (i.e., audit of salaries statement and, in 2023, audit of compliance of the markings on consolidated financial statements prepared according to the single electronic format with the requirements of the technical standards regarding the specification of the single electronic format).

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

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

Three meetings of the Audit Committee were held in 2023. In 2024, until the date hereof, the Audit Committee met once.

15 Major pending litigations

On 14 December 2020, the Company filed a claim for the overdue amounts plus interest against a Finnish developer of mobile games ("business partner") to the District Court in Pirkanmaa ("Court"), which ruled in favor of the Company in a default judgment on 8 February 2021 and obligated the business partner to pay the debt. The Court upheld the decision on 31 August 2022 after reviewing the business partner's appeal. On 25 November 2022, the Company was informed that the Court opened restructuring proceedings against the business partner and the business partner filed for bankruptcy on 26 April 2023.

Until the date of these financial statements, the Company recovered:

- EUR 107,000 – from SuperScale Sp. z o.o. in connection with the guarantee granted by that company with regard to an unpaid amount owed by the business partner,
- EUR 27,000 – as a part of the debt collection proceedings conducted so far.

On 8 March 2024, the Company was informed that the Court had approved the payment list. The Company's claim recognized by the Court is EUR 203,469.31. The receivables of all creditors will be repaid from the dividable assets of the business partner proportionately to the receivables of each creditor. However, given that the business partner had just EUR 268,509.30 at its disposal and a debt above EUR 1,713,936.51, the Company will not recover the full amount it was owed. The Company has learned that the next step is the disbursement of the prorated amount to the Company. Once the disbursements are made, the bankruptcy is closed.

In conjunction with the bankruptcy petition filed by the business partner, the Company created an impairment loss on 100% of the receivable in the amount of PLN 409,000 (of which PLN 198,000 in 2023). The Company does not believe that the remaining part of the amount owed is likely to be repaid.

On 27 October 2021, the subsidiary TapNice Sp. z o.o. filed an application to the Head of the Third Tax authority in Gdańsk to confirm and return an overpayment of PLN 1.1 million arising from the corporate income tax settlements of TapNice Sp. z o.o. for 2020, in connection with the application by the company of the provisions of the Polish Corporate Income Tax Act of 15 February 1992 which provide for a preferential tax rate of 5% for income received

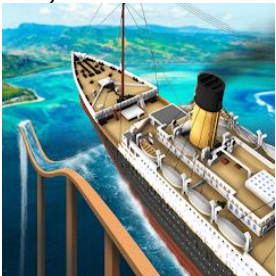

from qualifying intellectual property rights ("IP box"). On 27 January 2023, TapNice Sp. z o.o. received the decision of the Head of the Third Tax Authority in Gdańsk denying the existence of an overpayment. The Company appealed against this decision on 13 February 2023. As a result of the Company's appeal, the decision issued by the Head of the Third Tax Authority in Gdańsk was repealed and was referred back to the first instance for review. In April 2024, TapNice received a letter from the Head of the Third Tax Authority in Gdańsk setting 5 June 2024 as the new deadline for handling the case.





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


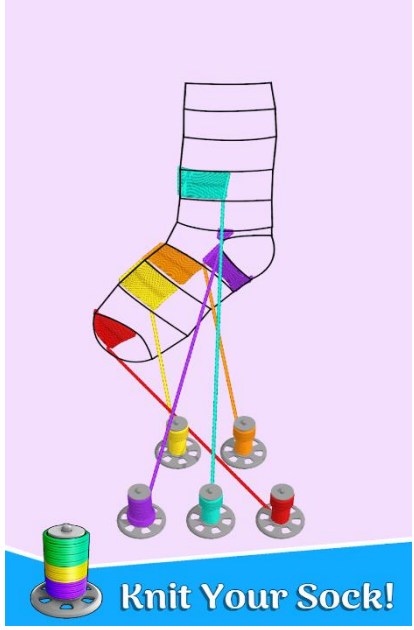


16 Information on the basic products

In 2023 and by the date of this report/, the Group released a total of 22 internally produced games on iOS and Android: 17 Hyper-Casual games and 5 Mid-Core/Casual games. The Group continued to release games in the Premium model on Nintendo Switch and Steam. In 2023 and until the date hereof, this encompassed a total of 11 titles. Games ported to the HTML5 platforms also premiered in the reporting period.

The most important new production titles are presented in the table below.


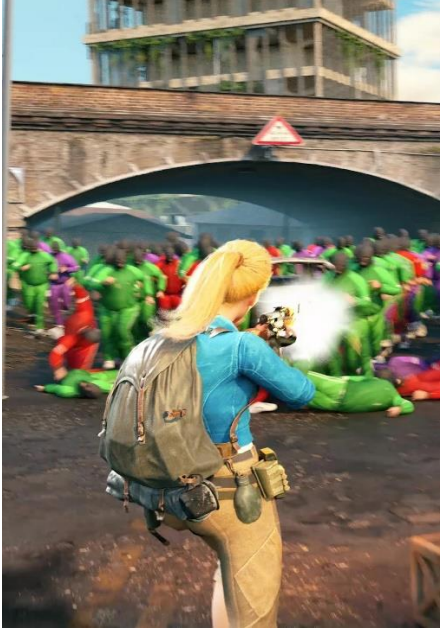
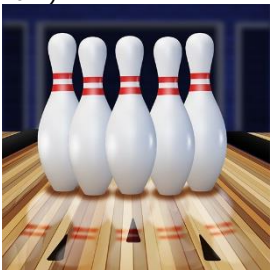

Name of the game	Description	Images
<p>Ship Ramp Jumping (released on 10 January 2023)</p> 	<p>Hyper-Casual</p> <p>Spectacular stunts unlike anything the world has seen before! Throwing a multi-ton ship off a ramp seems an absurd effort but it seems that in the safe conditions of a mobile game it offers remarkable, thrilling fun!</p> <p>Main source of revenue: advertisements</p>	


<p>Fight Master (released on 15 February 2023)</p> 	<p>Hyper-Casual</p> <p>Something for adrenaline-thirsty players with nerves of steel. The player participates in a series of duels in various settings. From box through MMA to sword fights of knights. There is no room for the weak or for boredom!</p> <p>Main source of revenue: advertisements</p>	
<p>Mine & Slash (released on 28 March 2023)</p> 	<p>Mid-Core</p> <p>A game making use of the popular RPG theme of visiting ancient dungeons, mines, and other underground places full of danger and treasure. The player develops their character by adding new skills, winning more and more powerful gear, and fighting monsters for the title of a hero and endless wealth!</p> <p>Main source of revenue: micropayments and advertisements</p>	

<p>Puzzle Thread: Color Sort (released on 28 April 2023)</p> 	<p>Hyper-Casual</p> <p>Is it possible to combine the passion for crocheting and designing clothes with logical challenges? It definitely is, as <i>Puzzle Thread: Color Sort</i> shows. Players enter the fascinating world of yarn, colors, and amazing clothes across over 100 levels. This is a challenge for both intelligence and creativity.</p> <p>Main source of revenue: advertisements</p>	
<p>Cat Life Simulator (released on 28 April 2023)</p> 	<p>Hyper-Casual</p> <p>Something for cat lovers. What is it like to see the world through the eyes of a pet? The answer to the question lies in the <i>Cat Life Simulator</i>. The Player has full control over their furry friend. From its creation and personalization to various decisions linked to its life. The road to a happy life of the pet will be scattered with tough decisions and plenty of surprises!</p> <p>Main source of revenue: advertisements</p>	

<p>Momlife Simulator (released on 28 April 2023)</p> 	<p>Hyper-Casual</p> <p>And here is something for those who find the life of a little human more fascinating than that of a little pet. The Player becomes responsible for the development of the child from the moment of birth to adulthood. The Player's actions, whether big or small, shape the future life of the protagonist. The decisions about their personality, habits, and behavior may have serious consequences in the future, so they are worth giving a thought!</p> <p>Main source of revenue: advertisements</p>	
<p>Shotgun Club (released on 01 June 2023)</p> 	<p>Mid-Core</p> <p>A game for enthusiasts of guns and recreational shooting. The player has a plethora of realistically depicted weapons and inventive arenas to test their eye and reflexes. All this with the online PvP mode so players compete with people from all over the world.</p> <p>Main source of revenue: micropayments and advertisements</p>	

<p>Hunters on Chain (released on 20 July 2023)</p> 	<p>Mid-Core</p> <p>A whole new level of hunting! <i>Hunters on Chain</i> takes what is best from the hit <i>Hunt Royale</i> and builds upon it with the blockchain technology. Players can enjoy dozens of various characters with powerful skills to choose from and a plethora of challenges in cooperative and competitive modes. All this spiced up with opportunities to win unique NFTs and trade them with other players.</p> <p>Main source of revenue: NFT</p>	
<p>Idle Farm: Harvest Empire (released on 13 September 2023)</p> 	<p>Mid-Core</p> <p>A player-friendly economics game challenging the player to build and manage a farm. Taking care of the harvest and the farm is rewarded with money for further improvements and development. A perfect escape from the gray reality into a simple life in harmony with nature, a relaxing breather, and a rewarding challenge at the same time.</p> <p>Main source of revenue: micropayments and advertisements</p>	

<p>Grand Street Fight (released on 21 December 2023)</p> 	<p>Hyper-Casual</p> <p>The player becomes a brave warrior striving to bring peace to streets ruled by bandits. By defeating subsequent opponents, players unlock improvements and weapon sets to fight even more successfully. They will be needed to defeat the powerful bosses waiting at the end of the levels!</p> <p>Main source of revenue: advertising</p>	
<p>Bowling Club: Realistic 3D PvP (released on 11 March 2024)</p> 	<p>Mid-Core</p> <p>The latest sports game of the team responsible for the hit <i>Darts Club</i>. A bowling game with a plethora of modes to choose from, challenges to complete and a highly developed multi-player mode. All this is complemented by community functions to enable bowling fans from all over the world to form clubs and compete with one another.</p> <p>Main source of revenue: micropayments and advertisements</p>	

<p>Plane Chase (released on 11 March 2024)</p>	<p>Hyper-Casual</p> <p>A car and aircraft madness. The fastest cars race on the runway to catch up with an aircraft during take-off. Great speed and crazy stunts for all fans of cars and excitement. Is this realistic? Not one bit. But what fun it is!</p> <p>Main source of revenue: advertising</p>	
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Mid-Core and Casual games had the main positive influence on the Group's performance in 2023. The revenue on those games was about PLN 145.5 million and it was up by 10% from the year before. The main growth contributors versus the previous year were such titles as *Darts Club* (39% revenue growth YoY) and *Mine & Slash*, premiering in the current reporting period. The total costs of user acquisition, rev share, and distribution platforms' commissions were about PLN 105.6 million.

The revenue on Hyper-Casual games was PLN 92.2 million, i.e., 43% down from the previous year. The lower revenue from this game segment was the outcome of the limited expenses on marketing campaigns for the existing games and of the fewer releases of these types of games in the current period. In the Company's assessment, both phenomena are caused by the worse economy on mobile advertising market and the growing saturation of the market of Hyper-Casual games. Given these trends, the Company has been recently more focused on its growing portfolio of Mid-Core games. The most profitable Hyper-Casual games included but were not limited to: *Crazy Plane Landing*, *Falling Art Ragdoll Simulator*, *Ship Ramp Jumping*. The total costs of user acquisition, rev share, and distribution platforms' commissions were about PLN 69.5 million.

In the blockchain projects segment, a total of PLN 7.8 million revenue was recognized in 2023 (versus PLN 41,000 in the year before). 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.

17 Description of the market where the BoomBit Group operates and information on the markets for its products

The Group functions in a global market primarily of mobile games and it earns revenue mainly from micropayments through distribution platforms (mainly Apple App Store and Google Play) and from the displayed ads from advertising

networks. The Group also provides services to entities from the mobile game industry in areas such as user acquisition, game design, playable ads, BI, QA. The Group additionally pursues projects in the area of games and tools using blockchain technologies.

The information on markets for the Group's products is presented in Note 8 of the consolidated financial statements.

18 Information about major contracts

The Group did not sign any major contracts in the reporting current period.

19 Disclosure of organizational or capital ties

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

BoomBit Games Ltd.

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

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

BoomBit Inc.

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

BoomBit Inc. publishes games on iOS (Apple App Store). BoomBit Inc. focuses on publishing games with a high monetization potential. BoomBit Inc. is a subsidiary of BoomBit Games Ltd. and an indirect subsidiary of BoomBit S.A..

Play With Games Ltd.

As at the date of this report, the Company holds 100% of shares in the share capital of Play With Games Ltd., which authorizes it to exercise 100% of the voting rights at the general meeting of Play With Games Ltd. in Plymouth (United Kingdom). Play With Games Ltd. runs a business connected with publishing *Parking Simulator* computer games.

PixelMob Sp. z o.o.

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

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

TapNice S.A.. (former BoomBooks sp. z o.o.)

As at the date of this report, the Company holds 60% of shares in the share capital of TapNice Sp. S.A. in Gdańsk, i.e., 60 shares of a total par value PLN 3,000, which authorizes it to exercise 60% of the voting rights at the general meeting of TapNice Sp. S.A. (see the description of events after the balances sheet date in section 4 of this report). On 22 December 2021, TapNice Sp z o.o. was re-registered as TapNice S.A. TapNice Sp. S.A. runs a business connected with development and publishing of computer games.

BoomHits Sp. z o.o.

As at the date of this report, the Company holds 100% of shares in the share capital of BoomHits Sp. z o.o. in Gdańsk, i.e., 100 (one hundred) shares of a total par value PLN 5,000 (five thousand), which authorizes it to exercise 100% of the voting rights at the general meeting of BoomHits Sp. z o.o. BoomHits Sp. z o.o. runs a business connected with publishing Hyper-Casual computer games.

Mindsense Games Sp. z o.o.

As at the date of this report, the Company holds 100% of shares in the share capital of Mindsense Games Sp. z o.o. in Gdańsk, i.e., 100 (one hundred) shares of a total par value PLN 5,000 (five thousand), which authorizes it to exercise 100% of the voting rights at the general meeting of Mindsense Games Sp. z o.o. Starting from 2022, Mindsense Games Sp. z o. o. acts as a shared services center for the Group in terms of bookkeeping, HR, and payroll.

ADC Games Sp. z o. o.

As at the date of this report, the Company holds 50% of shares in the share capital of ADC Games Sp. z o.o. in Gdańsk, i.e., 50 (fifty) shares of a total par value PLN 2,500, which authorizes it to exercise 50% of the voting rights at the general meeting of ADC Games Sp. z o.o. ADC Games Sp. z o. o. runs a business connected with development and publishing of computer games.

PlayEmber Sp. z o.o.

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

SkyLoft Sp. z o.o. in liquidation

As at the date of this report, the subsidiary BoomHits Sp. z o.o. holds 100% of shares in the share capital of SkyLoft Sp. z o.o. ("SkyLoft") in Gdynia, i.e., 100 (one hundred) shares of the total par value PLN 5,000, which authorizes it to exercise 100% of the voting rights at the general meeting of SkyLoft. SkyLoft liquidation opened on 10 April 2024.

BoomPick Games Sp. z o.o.

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

On 10 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. 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.

BoomPick runs a business connected with development and publishing of computer games.

Mobile Esports Sp. z o.o.

As at the date of this report, the Company holds 51% of shares in the share capital of Mobile Esports Sp. z o.o. ("ME") in Gdynia, i.e., 52 (fifty-two) shares of a total par value 2,600, which authorizes it to exercise 51% of the voting rights at the general meeting of BoomPick.

ME's object of business is a free-to-play platform that offers the users a possibility of taking part in competitions where they can win real prizes.

BoomLand FZ-LLC

As at the date of this report, the Company holds 100% of shares in the share capital of BoomLand FZ-LLC in Rakez, United Arab Emirates, i.e., 1,000 (one thousand) shares of a total par value AED 1 million, which authorizes it to exercise 100% of the voting rights at the general meeting.

BoomLand FZ-LLC runs a business related to blockchain-based projects.

BoomLand Global Sp. z o.o.

As at the date of this report, the Company holds 100% of shares in the share capital of BoomLand Global Sp. z o.o. ("BLG") in Gdańsk, i.e., 100 (one hundred) shares of a total par value PLN 5,000, which authorizes it to exercise 100% of the voting rights at the general meeting.

BLG is currently engaged in service activities for blockchain-based projects.

PlayEmber FZ-LLC

As at the date of this report, the Company holds 100% of shares in the share capital of PlayEmber FZ-LLC in Rakez, United Arab Emirates, i.e., 1000 (one thousand) shares of a total par value AED 1 million, which authorizes it to exercise 100% of the voting rights at the general meeting.

PlayEmber FZ-LLC runs a business related to blockchain-based projects.

List of other capital investments

SuperScale s.r.o.

In connection with the acquisition of SuperScale sp. z o.o. by SuperScale s.r.o. in Bratislava, Slovakia, through cross-border combination in the form of acquisition, i.e., through transfer of all the assets of SuperScale sp. z o.o. (target company) to SuperScale s.r.o. (acquiring company) by way of universal succession and dissolution of the target company, i.e., SuperScale sp. z o.o., without the liquidation process, the SuperScale sp. z o.o. shares held at that time were changed to SuperScale s.r.o. shares following the same shareholding structure.

On the date of this report, the Company holds 11.38% of shares in the share capital of SuperScale s.r.o.

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

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

21 Information on credit facility and loan agreements

On 31 December 2023 and on the date of this report, the Group did not have any signed contracts related to credit facilities. The Group has loan liabilities totaling PLN 780,000. Details are presented in Note 24 of the consolidated financial statements.

22 Information on loans granted, also to affiliates

Information about the loans granted by the Company is available in Note 22 of the standalone financial statements and in Note 24 of the consolidated financial statements.

23 Information on suretyships and guarantees granted and received by BoomBit

The Group did not grant any suretyships or guarantees in the financial year 2023 and until the date hereof.

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

The Group does not prepare financial performance forecasts.

25 Evaluation of financial resource management

The Group regularly prepares and revises cash flow projections to identify any threats to the financing of current operations. The financial standing of the Company and the Group is stable, which enables it to work on new games with its own funds. As at the date hereof, the Group's Board of Directors does not identify any material risks connected with current financial liquidity.

On 12 April 2023, the Board of Directors of the Company adopted a resolution terminating the dividend policy to date as presented in the 2019 prospectus and introducing a new dividend policy of the following wording:

The Board of Directors plans to recommend to the General Meeting that 60% or more standalone net profit be allocated for dividend, depending on the Company's liquidity needs, starting from the profit for 2022 (provided that

the earned profit will make such distribution possible). The recommendation of the Board of Directors referred to above will take into account the financial standing, the liquidity-related situation, the development prospects, and the investment needs of the Company and its Group.

26 Evaluation of the capacity to perform investment plans

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

In 2023, the Company incurred capital expenditures by creating, or taking up interest in – joint ventures with – game development studios. The Group does not rule out further capital investment using its cash. Disclosures of capital ties (including the Group's investment in joint ventures) are presented in section 19 "Disclosure of organizational or capital ties."

27 Evaluation of factors and atypical events affecting the operating result for the financial year

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

- recognition of impairment losses on receivables and loans granted in connection with analysis of the expected credit losses as required by the IFRS 9 totaling PLN 198,000,
- recognition of impairment losses on development costs of PLN 2,271,000 PLN,
- fair-value measurement of the SuperScale s.r.o. shares held by the Company which resulted in recognition of PLN 9,799,000 of revenue on that account,
- recognition of PLN 654,000 as the costs of the incentive scheme in the part arising from the measurement of SuperScale s.r.o. shares.

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

- recognition of impairment losses on receivables and loans granted, in connection with analysis of the expected credit losses as required by the IFRS 9 totaling PLN 6,135,000;
- recognition of impairment losses on development costs of PLN 269,000 PLN;
- fair-value measurement of the SuperScale s.r.o. shares held by the Company which resulted in recognition of PLN 9,799,000 of revenue on that account;
- recognition of PLN 654,000 as the costs of the incentive scheme in the part arising from the measurement of SuperScale s.r.o. shares.

28 Description of the external and internal factors significant for the Company's growth

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

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

29 Disclosures regarding staff issues and the natural environment

The Group had a total of 331 employees and permanent contractors on 31 December 2023 (versus 308 at the end of the previous year).

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

30 Changes in fundamental business management principles of the Issuer and the Issuer's Group

There were no material changes in the fundamental management principles of the Company and its Group in 2023.

31 Agreements with the managing staff providing for compensation in the event of their resignation or dismissal

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

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

Information about the salaries of the management staff and the supervisory staff is presented in Note 26 of the standalone financial statements and Note 31 of the consolidated financial statements.

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

As at 31 December 2023 and as at the date of this report, the Company and the subsidiaries forming the Group had no obligations related to retirement pensions and similar benefits toward any former managing and supervisory staff.

34 Total number and par value of all shares held by the managing and supervisory staff of the Parent Company

The total number and par value of all shares held by the managing and supervisory staff of the Parent Company BoomBit SA as at 31 December 2023 and as at the date of this report is presented in Note 20 of the standalone financial statements and Note 22 of the consolidated financial statements.

As at 31 December 2023 and as at the date of this report, there were no other direct or indirect capital ties between the managing and supervisory staff of the Parent Company and the remaining entities from the Group.

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

Disclosures regarding the incentive schemes in the Group are presented in section 5 "Growth prospects for the activity of the Group in the current financial year" and in section 36 "Monitoring system for employee share schemes."

36 Monitoring system for employee share schemes

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

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

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

On 16 August 2023, the Extraordinary General Meeting adopted Resolution 5 amending Resolution 6 of the General Meeting of 21 April 2022 on an incentive scheme for the employees and contractors of the Company and the BoomBit Group's companies and on conditional increase of the Company's share capital with the pre-emptive rights of the existing shareholders excluded in their entirety in connection with issue of class H ordinary bearer shares on issue of class E subscription warrants with the pre-emptive rights of the existing shareholders excluded in their entirety, and on amendment of the Company's Articles of Association.

A full text of the resolution is attached to the ESPI 26/2023 report dated 16 August 2023.

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

37 Information on the certified auditor

UHY ECA Audyt Spółka z ograniczoną odpowiedzialnością is the auditing company that audited or reviewed the financial statements of the Company and the consolidated financial statements of the BoomBit Group for the financial year 2023.

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

Pursuant to the Articles of Association, the Supervisory Board, by way of Resolution 2/12/2021 of 22 December 2021, chose the auditing company for audit of the Company's financial statements and the Group for the years from 2022 to 2024. The auditor is UHY ECA Audyt Sp. z o.o. Sp. k. with its registered office in Warsaw, ul. Połczyńska 31A, 01-377 Warszawa.

In letter dated 12 June 2023, UHY ECA Audyt Sp. z o.o. Sp. k. and UHY ECA Audyt Sp. z o.o. notified BoomBit S.A. that an organized part of the enterprise was planned to be transferred from UHY ECA Audyt Sp. z o.o. Sp. k. to UHY ECA Audyt Sp. z o.o. on 1 July 2023.

Pursuant to the Articles of Association, the Supervisory Board, by way of Resolution 6/07/2023 of 27 July 2023, agreed for UHY ECA Audyt Sp. z o.o. to replace UHY ECA Audyt Sp. z o.o. Sp. k. in the agreement of 06 July 2022, and agreed for UHY ECA Audyt Sp. z o.o. with its registered office in Warsaw, ul. Połczyńska 31A, 01-377 Warszawa, to audit the financial statements of the Company and the Group.

The auditor is present in the list of entities certified to audit financial statements kept by the National Council of Statutory Auditors under no. 3886. The statutory auditor was appointed in line with the applicable professional regulations and standards.

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

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

37.3 Governing body that appointed the auditing firm

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

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

Information on the fee of the auditing firm is presented in Note 27 of the standalone financial statements and in Note 32 of the consolidated financial statements.

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

The Company did not incur any major expenses of this type in 2023.

39 Representations of the Board of Directors

39.1 Representation concerning the adopted accounting principles

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

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

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

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

Marcin Olejarz
CEO

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

Marek Pertkiewicz
Director

39.2 Representation regarding appointment of the auditing firm to audit the consolidated financial statements

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

- the auditing firm that audited the consolidated financial statements and the financial statements of BoomBit S.A. was appointed in accordance with the applicable laws and that the firm and the certified auditors conducting the audit meet the requirements to issue an impartial and independent audit opinion for the consolidated financial statements and the financial statements of BoomBit S.A. as required by the applicable laws, professional standards and professional ethics;
- the applicable laws connected with rotation of the auditing firm and of the certified auditor and with the mandatory waiting periods are complied with,
- the issuer has an auditing firm appointment policy in place, along with a policy on the provision of additional non-audit services to the issuer (including services conditionally permitted to be provided by an auditing firm) by the auditing firm or by any affiliate of the auditing firm or by any member of the auditing firm's network.

Marcin Olejarz
CEO

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

Marek Pertkiewicz
Director