

MANAGEMENT BOARD REPORT ON ACTIVITIES OF CREEPY JAR S.A

in 2021



Warsaw, 27.04.2022

DISCLAIMER

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Creepy Jar S.A., its representatives and employees decline any responsibility in this regard.

SUMMARY



Creepy Jar S.A. ended 2021 with the **highest sales revenue and profits in its history.**



The Company's sales revenues in 2021 increased by PLN 8.5 million to PLN 46.1 million (an increase by 22.5% y/y). In 2021, the company generated PLN 30.2 million in operating profit (up 18.2% y/y), **and net profit increased by PLN 6.7 million to PLN 29.1 million** (up 29.9% y/y).



Record high financial results of Creepy Jar S.A. in 2021 are the effect of **very good sales of Green Hell** on all key hardware platforms. The title still arouses interest and attracts new players, as evidenced by exceeding **3 million copies sold** in January 2022, only 4 months after reaching the threshold of 2.5 million copies.



In 2021, total gross sales of the Green Hell game on STEAM, Sony PlayStation and Microsoft Xbox (versions of the game for which the Company holds publishing rights) exceeded **1.26 million copies, of which 0.36 million copies on Sony PlayStation and Microsoft Xbox consoles.**



During the year, cash and cash equivalents more than doubled to **PLN 59.7 million at the end of 2021.**

(PLN million)	31.12.2021	31.12.2020	Change y/y (%)
Sales revenues	46,1	37,7	22%
Operating profit (EBIT)	30,2	25,5	18%
EBITDA	31,8	26,7	19%
Net profit	29,1	22,4	30%
Assets	74,4	37,9	96%
Cash and other monetary assets	59,7	28,0	113%
Equity	70,1	35,5	100%
Liabilities and provisions for liabilities	3,3	2,4	38%

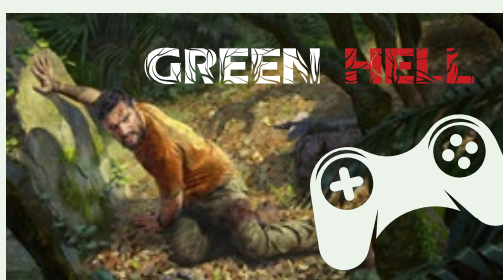
Key achievements of the Company in 2021



Debut of Creepy Jar shares on the main market of the Warsaw Stock Exchange on April 8, 2021.



Release of Spirits of Amazonia 1 DLC on PC



Green Hell launches on PlayStation 4 and Xbox One consoles



Spirits of Amazonia 2 premieres on PC



Green Hell gross sales on key platforms (PC/Steam, Sony PlayStation and Microsoft Xbox) 1.26 million copies

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LETTER FROM THE PRESIDENT OF CREEPY JAR S.A. TO THE SHAREHOLDERS

Ladies and Gentlemen,

On behalf of the Management Board, I would like to present to you the Annual Report of Creepy Jar S.A. for 2021 which we closed with the highest sales revenues and profits in the history of our Company.

Last year was very fruitful for the development of our flagship production: Green Hell. In the first half of 2021 two of the three parts of the Spirits of Amazonia series of expansions premiered on the Steam platform. In our opinion they were a huge success – already in the first week after the launch of Spirits of Amazonia 1, Green Hell ranked 9th on the Steam Global Top Sellers list, and the number of people playing the game simultaneously exceeded 13,000. Spirits of Amazonia 2 was also very well received by players, rising to 17th place on the Global Top Sellers list. The last and most extensive part, Spirits of Amazonia 3, is the highlight of the series providing several dozen additional hours of gaming. Due to the large amount of content we decided to dedicate more time and work to this expansion of the game. We used the extra weeks to test the game and correct errors, until we obtained a satisfactory high quality product. Spirits of Amazonia 3 finally premiered on 29 March 2022. The new content received a lot of positive feedback from players, and Green Hell was ranked 20th on the Steam Global Top Sellers list.

On 9 June 2021 Green Hell versions for PlayStation 4 and Xbox One were launched. This allowed us to reach another multi-million group of console players. This allowed us not only to record a significant increase in our sales revenues, but also to diversify their sources. In 2021 gross sales of Green Hell for PlayStation and Xbox consoles amounted to 360 thousand copies. The respective sales revenues amounted to PLN 22.1 million, which is a 48% share in the Company's total revenues. Last year, we continued work on porting the first two parts of Spirits of Amazonia to PlayStation 4 and Xbox One consoles. The process of producing the console versions of the game was a challenge, primarily in terms of achieving appropriate optimization of the game. We put a lot of work into it, but in the end we managed to achieve the desired effect. I believe that we are fast approaching their premieres.

Green Hell, regularly developed and enriched with new content, is a constant object of interest for new players. On the other hand, the expansions and DLCs we make available mean that existing players willingly return to the Amazon jungle. Total gross sales of Green Hell on the key platforms in January 2022 have already exceeded 3 million copies, of which in 2021 alone we sold more than 1.26 million copies.

For several years our financial results have been increasing and we are achieving increasingly better results each year. In 2021 the Company's revenues amounted to PLN 46.1 million, which is a 22% increase compared with 2020. EBITDA amounted to PLN 31.8 million compared with PLN 26.7 million in 2020, and net profit in 2021 was PLN 29.1 million and was 30% higher YoY.

In an effort to ensure that Green Hell is available on a maximum number of platforms in 2020 we decided to grant a licence for porting the studio's game on VR platforms and for its distribution to Incuvo S.A. The premiere of Green Hell VR on the Oculus Quest 2 platform on 7 April 2022 met with great interest from players and received many positive reviews. We are very pleased that players who chose Green Hell from among the many interesting productions can count on the highest quality of the game, irrespective of the selected hardware platform.



In April 2021 we transferred to the main market of the Warsaw Stock Exchange, and in May we became part of the sWIG80 index. The fact that we have joined the group of the most important gaming companies is a great distinction for us and a motivation to work even harder.

Last year we continued to operate in the conditions of the COVID-19 pandemic. We used the solutions introduced in 2020, which allowed us to complete our projects safely and as effectively as possible in remote work conditions. Currently we are mainly working from the office, which is especially appreciated as we are focusing on the production of Chimera and we want the members of the production team to be able to communicate freely with each other. Last year we conducted several recruitment processes which led to the employment, or to the employment in the near future, of several new specialists. Currently, Creepy Jar consists of approx. 40 people. We promote well thought-out development so as to prevent any bottlenecks in the production process.

Our high balance of cash (PLN 59.7 million as at the end of 2021) and lack of significant liabilities allows us to implement our plans with confidence. This year we will focus on continuing work on our second proprietary production – Chimera, on expanding Green Hell with further updates (including Animal Husbandry and Building Update expansions on PCs) and on launching Spirits of Amazonia on PlayStation 4 and Xbox One consoles. We expect 2022 to be another year of good sales for Green Hell, in particular taking into consideration the success of Spirits of Amazonia 3, the additional content which we are planning to launch in 2022, and the further platforms on which our game will be available.

On behalf of the Management Board, I would like to thank you for your trust and support. Thanks to the record results achieved last year, I am very optimistic about the Company's further growth opportunities. I would also like to thank the Supervisory Board and our collaborators for another successful year in which we achieved our planned goals together.

Yours faithfully,

Krzysztof Kwiatek

President of the Management Board
Creepy Jar S.A.



ABOUT CREEPY JAR

Creepy Jar S.A. with its registered seat in Warsaw (hereinafter "**the Company**", "**the Issuer**" or "**Creepy Jar**") is a producer and publisher of computer games created based on proprietary IP, designated for various hardware platforms. Studio's ambition is to create games with features of high-budget titles in independent games segment (without financial support of publisher) with high level of advancement, described in industry as Premium Indie.

Basic information about the Company

Company:	Creepy Jar S.A.
Headquarters	Warsaw
Address:	ul. Czułowska 9, 01-360 Warsaw
E-mail Address:	office@creepyjar.com
Website:	www.creepyjar.com
Registry Court	District Court for the Capital City of Warsaw, XIV Commercial Division of the National Court Register
KRS	0000666293
REGON	366335731
NIP	1182136414
ISIN	PLCRPJR00019
Core business (PKD)	62, 01, Z, SOFTWARE ACTIVITIES

Creepy Jar S.A. was incorporated on December 16, 2016 by a notarial deed including the consent to the incorporation of the Company, the wording of the Articles of Association and the statement of consent to acquire the entire share capital (notarial deed drawn up before notary Sylwia Jankiewicz in the Notary Office in Kraków under Rep. A No. 4475/2016). The Company was registered in the National Court Register on March 2, 2017.

The Company does not have any branches (facilities).

Share capital

The Company's share capital amounts to PLN 679,436 (six hundred seventy-nine thousand four hundred thirty-six zlotys) and is divided into 679,436 (six hundred seventy-nine thousand four hundred thirty-six) ordinary bearer shares with a nominal value of PLN 1 (one zloty) each, including

- **500,000** (five hundred thousand) ordinary series A bearer shares with a nominal value of PLN 1.00 (one zloty) each,
- **147,082** (one hundred forty seven thousand eighty two) ordinary series B bearer shares with a nominal value of PLN 1.00 (one zloty) each,
- **32,354** (thirty two thousand three hundred fifty four) ordinary series C bearer shares with a nominal value of PLN 1.00 (one zloty) each;



To cover the series A shares subscribed for by Krzysztof Maciej Kwiatek, Krzysztof Sałek, Tomasz Michał Soból and Marek Jacek Soból in the share capital of the Company being established, the founders made individual non-cash contributions with a value of PLN 100,000 (one hundred thousand zlotys) each, with a total value of PLN 400,000 (four hundred thousand zlotys). These contributions were covered by copyrights to the concept of the game Green Hell. An agreement to transfer these rights was concluded by the Founders with the Company on February 2, 2017.

The remaining shares in the Issuer's share capital were covered by a cash contribution.

Treasury shares

The Company did not and does not hold any treasury shares.

Shareholding

Shareholder structure as of the date of this report:

Shareholder	Number of shares	% in the share capital	Number of votes	% of votes
VENTURE FIZ	87 361	12.86%	87 361	12.86%
Krzysztof Kwiatek	73 879	10.87%	73 879	10.87%
Krzysztof Sałek	73 878	10.87%	73 878	10.87%
Tomasz Soból	73 752	10.85%	73 752	10.85%
Aviva Investors Poland TFI S.A.	46 583	6.86%	46 583	6.86%
Shareholders with <5% of votes at the General Meeting of Shareholders	323 983	47.68%	323 983	47.68%
Total	679 436	100.00%	679 436	100.00%

The specification of shareholders holding at least 5% of the share capital and votes at the General Meeting has been prepared on the basis of notifications received so far from the Issuer's shareholders as part of fulfilling the obligations arising from the provisions of the Act on Public Offering and MAR Regulation.

Shares held by managing and supervising persons

Number of shares held by the members of the Management Board and the Supervisory Board of the Company

Shareholder	Position	Status as of 28 April 2022	As at 31 December 2021	As at 31 December 2020
Krzysztof Kwiatek	President of the Management Board	73 879	73 879	73 879
Krzysztof Sałek	Management Board Member	73 878	73 878	73 878
Tomasz Soból	Management Board Member	73 752	73 752	73 752
Michał Paziewski	Chairman of the Supervisory Board	279	279	279



Creepy Jar in the capital market

Creepy Jar S.A. made its debut on the NewConnect market on 6 August 2018. As of April 8, 2021, the Company's shares are listed on the main market of the Warsaw Stock Exchange under the ISIN code PLCRPJR00019. The shares carry the ticker CRJ and are included in the gaming sector. In 2021, they were part of the indices: WIGTECHTR, sWIG80TR, WIG-Poland, InvestorMS, sWIG80, WIG.

As at the end of 2021 and as at the date of this report, 679,436 ordinary shares with a par value of PLN 1 each, representing 100% of the share capital, were traded.

Selected market statistics of Creepy Jar S.A. shares.

	2021	2020
Number of shares traded at the end of the year	679 436	679 436
Share price at the end of the year (PLN)	795	1 100
Maximum price during the year (PLN)	1 220	1 400
Minimum price for the year (PLN)	670	109
Average price in the period (PLN)	852	673
Average daily trading volume (units)	1 141	2 983
Year-end capitalization (PLN m)	540	747

Business model

ASSUMPTIONS		
1 STRONG IP	production of high quality computer games based on own IP	using the potential of the built player base to promote future titles
2 LONG GAME LIFE CYCLE	development of games through updates containing additions extending the content of the game	ensuring continued support for games in cooperation with the gaming community
3 PRESENCE ON KEY PLATFORMS	availability of games on major platforms – PC and consoles PlayStation4, Xbox One, Nintendo Switch and Oculus Quest 2	striving to ensure availability of games on new platforms, including next-generation consoles and VR

The Issuer specializes in the production of high quality computer games based on its own IP, which it finances independently without external publisher support. The success of Green Hell, the studio's first production, gives the Issuer the opportunity to use the potential of the already established, broad player base to promote the Company's subsequent titles.



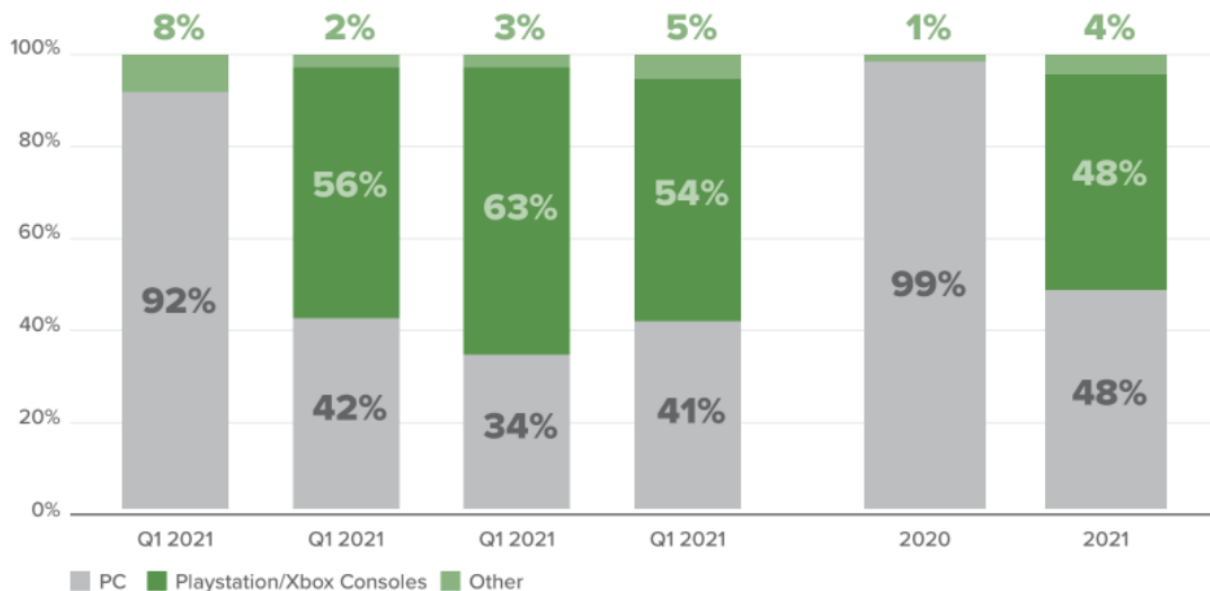
The Company assumes cyclical production of new Premium Indie games, which will ensure operational continuity and a stable level of income, enabling the realization of subsequent original projects. The Issuer's business model assumes working on one leading project, while providing long-term support for previously released titles through updates containing free additions expanding their content. The support of the Company's products is realized in cooperation with the community of players. Thanks to this, it can respond in an optimum manner to the needs and expectations of the players with regard to the development of a given production, and thus increase its sales potential. The above activities are aimed at ensuring a long-term life cycle of the Issuer's games, which allows for generating revenues from product sales in the long term with relatively low involvement of Creepy Jar team in supporting the production. Currently, the leading title on which most of the team is working is Chimera. Green Hell, which premiered in early access format in September 2018, is supported and developed by a smaller, dedicated team.

The Issuer's business model is to have the studio's products present on all key hardware platforms in order to maximize their sales potential. Currently, the Company's only completed product is available on the most important (primarily in terms of number of users) platforms - PC and on PlayStation, Xbox, Nintendo Switch consoles (Forever Entertainment S.A. is responsible for porting and distribution) and Oculus Quest 2 (Incuvo S.A. is responsible for porting and distribution). Green Hell has not yet been released in a version dedicated to current generation consoles (PlayStation 5, Xbox Series X|S), but due to backward compatibility, owners of these consoles can play Green Hell in versions for previous generations (on PlayStation 4 and Xbox One). The Company is committed to ensuring the availability of its games on new platforms, including next-generation consoles and on future virtual reality (VR) platforms.

Information on the Company's key products

Creepy Jar specializes in producing Premium Indie games for various hardware platforms, especially PC and consoles.

Figure 1. Share of Green Hell sales revenue for PC, PlayStation and Xbox consoles in total revenue 2021.



Green Hell

The Issuer's first production, Green Hell, is a realistic survival simulator set in the open world of the Amazon rainforest. Players take on the role of an anthropologist, Jake Higgins, who finds himself in a faithfully reproduced Amazon jungle full of deadly threats. He must quickly learn many survival techniques (lighting fires, building shelter, making tools, hunting, dressing wounds) that will allow him to survive in a hostile environment. At the same time, he cannot ignore his own physical and mental condition, which if ignored can pose a mortal threat to him. Green Hell is the first survival game set in the Amazon jungle and stands out from the competition with its diverse gameplay mechanics and compelling storyline. Green Hell was an international success and received high praise from players and reviewers (87% positive reviews on Steam). On January 31, 2022, gross sales on PC/Steam, PlayStation and Xbox platforms exceeded 3 million copies.

The PC version of Green Hell was released on August 29, 2018 on the STEAM distribution platform in Early Access mode. The full version of the game (Full Release) was made available on September 5, 2019. Green Hell allows the game to be played in single player mode and from April 7, 2020 in co-op mode for up to 4 players. The game is currently available on key PC/Steam platforms as well as PlayStation 4, Xbox One, Nintendo Switch and Oculus Quest 2 consoles.

Since its early access release, the title has been regularly supported with updates containing improvements, new content and new story threads that clearly expand the game's content and provide players with more hours of entertainment. To date, Green Hell has received more than 80 updates, including several major additions such as co-op mode, story mode, the introduction of story mode to co-op, and Spirits of Amazonia for PC, all of which have had a significant impact on the game's development and sales.

Green Hell 2022 Roadmap

In December 2021 the Company released a new Green Hell game roadmap outlining key production development plans for the PC version and the PlayStation 4 and Xbox One consoles in 2022.



On March 29, 2022, the last in the Spirits of Amazonia series and the largest addition to the base version of Green Hell in terms of new content was released on PC. The first two parts of the series were made available to players on PC in the first half of 2021. Spirits of Amazonia 3 includes a new map section with multiple locations to explore, new gameplay mechanics, but also, among other things, the ability to test yourself in ritual arenas.

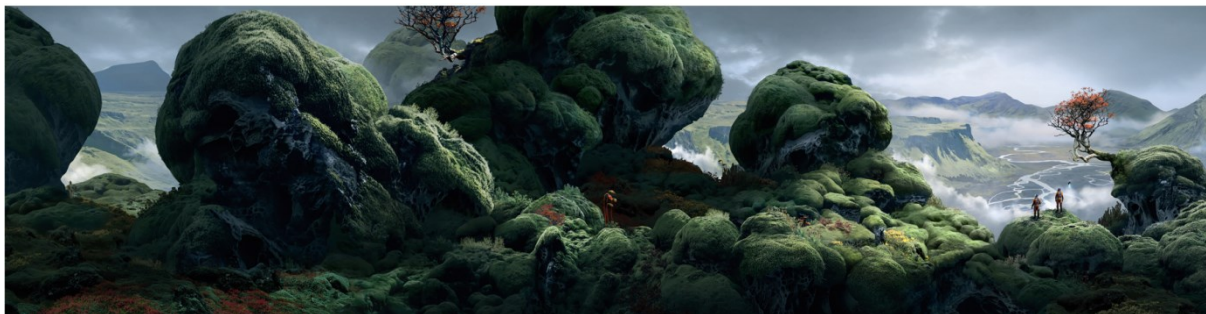


In addition to Spirits of Amazonia 3, the Company is planning two more major updates to Green Hell on PC, according to the published roadmap. The first of these, the Building Update, will significantly expand the ability to construct and build your base with, among other things, the ability to cut down larger trees and remove obstacles such as logs and stumps. New elements will also be introduced: doors, bridges, tree houses and many others. Animal Husbandry, on the other hand, will introduce the ability to breed animals. Players will be able to catch, feed and breed some of the rainforest creatures in order to obtain the resources necessary for survival in the wild. Both additions will include more new mechanics within the systems already used in the game (such as building).

A console version of the above updates is planned for a later date. The Company will announce the release dates of future add-ons as they progress.

In turn, in 2022, for PlayStation 4 and Xbox One consoles, the release of all three additions is planned from the Spirits of Amazonia series.

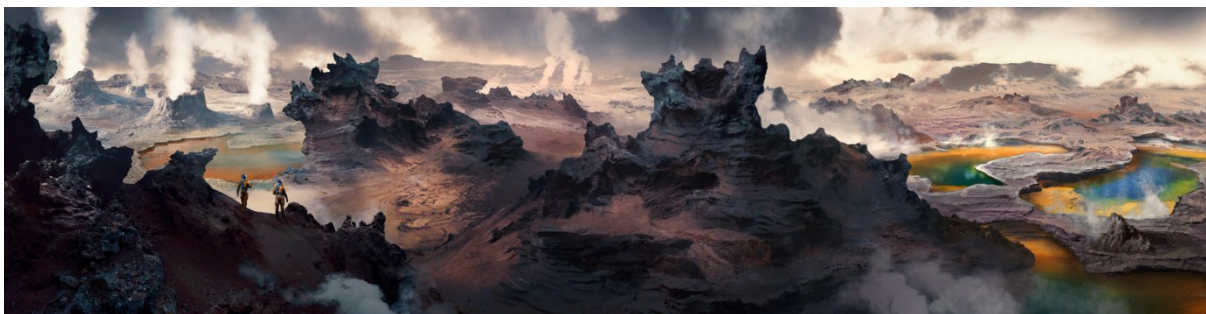
Chimera



In late 2019 the company has started working on a new project called Chimera. It will be an advanced base development simulator with survivalist elements, from a first-person perspective, set in a science-fiction setting. The game, unlike Green Hell, will be aimed at more casual players.

Chimera is being produced on Unreal Engine 5, one of the most advanced commercial game engines on the market. In the Issuer's opinion, Unreal Engine 5 offers technological and graphical capabilities which will allow to achieve above-average game quality and will significantly improve the production process. Additionally, thanks to the World Partition system, Unreal Engine 5 is conducive to building open worlds, in which Chimera will also be set.

Last year the Company continued the production of Chimera, during which the main design pillars and the game's basic mechanics were developed.



The Issuer, as in the case of the first title, will probably decide to release Chimera in Early Access with the reservation that the game will have much more extensive content than Green Hell at the time of Early Access, offering players many more hours of gameplay. Considering the success of the co-op mode in Green Hell, Chimera at the time of release will allow users to play in co-op mode for up to 4 players. The Issuer assumes that ultimately Chimera, due to its genre, will offer players an unlimited number of hours of gameplay. Compared to competitive titles (e.g. Satisfactory produced by Coffee Stain Studios), Chimera will be distinguished by high dynamics of changes in the environment, attractive storylines and more survival elements, especially combat. The Company plans to release the first marketing materials for Chimera in the second half of 2022.

The Issuer will make a final decision on the choice of the optimal release of Chimera (Early Access or Full Release) no earlier than the end of 2022, after an internal analysis of the possibilities and an assessment of the stage of production. The distribution strategy adopted by the Issuer with respect to Green Hell for the new game will be replicated in principle.

The Company has sufficient cash resources to produce Chimera. As at December 31, 2021, the total value of expenditures incurred on production of the game amounted to PLN 2.9 million, of which in 2021 alone PLN 1.8 million. The budget for this project is tentatively estimated at over PLN 10 million.

Information on sales markets

The Company sells the Green Hell game worldwide through a digital distribution model.

In 2021, domestic and international sales accounted for 9.6% and 90.4% of the Company's total revenue, respectively. In the same period last year it was 5.5% and 94.5%, respectively.

The key distributor of the game is Valve Corporation which operates a dedicated STEAM distribution platform. In 2021 Valve Corporation was directly responsible for approximately 42% of the Company's sales revenue (2020: 86%, respectively). As of October 2020 Green Hell is available on the Nintendo Switch console (Nintendo eShop) and in June 2021, the game was released on the PlayStation 4 (PlayStation Store) and Xbox One (Microsoft Store) consoles. The combined share of PlayStation and Xbox consoles in the Company's sales revenue in 2021 was 48%.

The Issuer undertakes activities aimed at expanding the group of recipients by, among other things, selling Green Hell on other platforms, through distribution channels other than the aforementioned ones, e.g. virtual reality platform.

The Company does not exclude making its products available in the future through available subscription services dedicated to PC and console gamers. After taking out a subscription, players receive unlimited access to a catalogue of selected titles (indefinite or time-limited) without the need to purchase them separately.

Risk factors

The activity of Creepy Jar S.A., similarly to other companies, is exposed to a number of financial and non-financial risks, the materialization of which may have an impact on the Issuer's results and development prospects. The Company's Management Board and key managers are responsible for identifying, assessing and monitoring the risks. As far as possible, the Company continuously conducts activities aimed at limiting the negative impact of the identified risks.

The list of risk factors presented below is not a closed list. The Issuer provides information on the risk factors which, to the best of its knowledge, may affect the activity, financial situation, development perspectives and market price of the Company's shares and which are known to it as at the date of this Report. The Issuer stipulates that there may be other circumstances that constitute additional risk factors. It cannot be excluded, that in the course of time and development of Company's activity, the catalogue of described risks will need to be modified or extended by additional factors.

The key risk factors related to the environment in which the Company operates and related to the Company activity include:

- risk associated with the economic situation,
- risk associated with competition in the games industry,
- risk connected with the loss of key employees,
- risk connected with dependence on key distributors cooperating with the Issuer,
- risk connected with the quality and timeliness of game production,
- risk connected with potential failures or limitations in access to IT infrastructure,
- currency risk,
- credit risk,
- risk connected with changes or interpretation of legal or tax regulations,
- risk associated with evaluation of and access to confidential information.



Risks associated with the economic situation

The Issuer conducts operations in foreign and domestic markets. The Company's operations and the level of financial results depend on the macroeconomic situation worldwide and in Poland, including the retail trade, in particular on the computer games market and consumer spending. The level of demand generated by consumers depends directly and indirectly on macroeconomic variables relating to unemployment, the payroll market, interest rates, the pace of economic growth and fiscal and monetary policy. Negative changes in the general macroeconomic situation in the world, deteriorating income situation of households and on the labour market, as well as uncertainty in economic conditions (e.g. related to the Covid-19 pandemic or the war in Ukraine) may cause a general slowdown in economic activity, which may translate, among other things, into a decrease in demand for products offered by the Company.

Taking into consideration the Company's cash balance, investment plans connected with game production as well as the level of current costs and lack of significant liabilities, in the Issuer's opinion even a prolonged slowdown or economic downturn does not constitute a threat to the Company's development perspectives and liquidity.

Risks associated with competition in the gaming industry

The Issuer operates in the computer games market, which is a highly competitive market. Due to the profile and wide geographic scope of operations, the Company generally counts among its competitors a number of entities engaged in game development in Poland and around the world. The actual competition risk is limited by the fact that computer games are produced for various groups of recipients, for various publishers or for various hardware platforms. However, there are computer games available on the market which are similar to the Issuer's products and which are sold through the same distribution channels, thus constituting direct competition to them. The risk connected with competition in the games industry is also connected with the fact that a significant part of competitors have been active on the market longer and have greater potential for producing and promoting games than the Issuer. New products are constantly appearing on the market, as a result of which there is a risk of decreasing interest in specific products of the Company in favour of competition products. The competitive market requires work on constant improvement of product quality, marketing and PR activities, as well as searching for new market niches and game themes which could arouse interest among a wide group of recipients. Access to state-of-the-art technologies and constant care for cost optimization play a key role. In order to prevent possible effects connected with competitor's products, the Issuer makes every effort in the process of creating new projects using state-of-the-art technologies, which directly influences product quality and realized sales. Materialization of this risk may result in a reduction of the obtained revenues, including limited return of funds allocated to the implementation of a given project. In case of intensified competition, the Company may be forced to incur additional expenditures in order to maintain its market position. As a result, it may have a negative impact on the Company's operating activity and the Issuer's financial standing.

Risks arising from dependence on key distributors cooperating with the Issuer

The Company makes its products available to gamers in digital form through global distribution platforms such as Steam (operated by Valve Corporation), Sony PlayStation Store and Microsoft Xbox Store. Until June 2021 the Issuer based its product distribution primarily on the Steam platform. Since June 2021, the Green Hell game has been made available for sale on the Sony PlayStation and Microsoft Xbox platforms. Valve Corporation's share of the Issuer's revenue in recent years was 42% in 2021, 86% in 2020 and 98% in 2019. On the other hand, the combined share of the three aforementioned entities in sales revenue was nearly 90% in 2021.

The Issuer cannot exclude that in the future events will occur as a result of which the cooperation with Valve Corporation, Sony or Microsoft will be discontinued or limited or the terms of such cooperation will change to



the detriment of the Issuer. Such events may occur as a result of, among other things, non-performance or improper performance of contractual terms and conditions, changes to game distribution regulations, technical problems concerning the Company's games or the platforms themselves, or force majeure.

In order to reduce the degree of such dependence, and thus limit the impact of a possible materialization of the risks described above on the Company's economic situation, the Issuer i) duly fulfils all of its obligations and meets the terms of the agreements concluded with distributors and ii) undertakes activities aimed at reducing dependence on particular distributors, in particular activities aimed at selling the Company's products through other platforms.

Risks associated with the loss of key employees

Due to the nature of the Companies' operations, the quality of released games is largely dependent on the skills and experience of the Company's key collaborators as well as the competence of its management team. The Company has created a stable team of valued specialists co-developing Green Hell and Chimera, which it intends to maintain and expand for the purposes of future productions. The Company minimizes the risk of losing its key employees by ensuring satisfactory remuneration systems (including a share-based incentive scheme), adequate for their level of experience and qualifications, and a friendly working environment. The Company also applies non-financial bonuses in the form of medical insurance and access cards to sports facilities.

Risk related to the quality and timeliness of game production

The Company's business model is based on the cyclical production of games while simultaneously supporting titles already developed. The Issuer's financial results are dependent on the reception of products by players and the frequency of release of games and game supplements. Failure to meet gamers' expectations with regard to the quality of games and expansions may have a negative impact on sales revenues. Furthermore, a significant portion of sales revenues is realized directly after the release of a title or a major update. Prolonged production periods for games and expansions may have a negative impact on the Company's financial results. The Company mitigates this risk by employing experienced specialists, using the latest available technologies and flexibly managing production processes.

Risks associated with potential failures or limitations in access to IT infrastructure

The Company's operations are based on the proper functioning of internal and external IT systems, including network and server infrastructure. As a result of possible failure of these systems, the continuity of the Company's current operations and production may be limited or interrupted.

In order to reduce this risk, the Company has introduced a number of safeguards based on own infrastructure located in the Company's headquarters and cloud infrastructure, which increase the availability and security of key systems.

Foreign exchange risk

The Issuer incurs product manufacturing costs in PLN, while the vast majority of revenues on game sales are realized in foreign currencies. A risk factor faced by the Company is the risk of unfavourable changes in exchange rates, in particular leading to a decrease in the value of the Company's revenues or receivables converted into PLN. This risk applies in particular to the exchange rate of PLN versus USD, as transactions in this currency make the most significant contribution to the Company's revenue structure. In 2021, sales revenues denominated in USD amounted to PLN 35.4 million, representing nearly 77% of all sales revenues of the Issuer. The Company also generates sales revenues in EUR, and their value after translation into PLN in 2021 amounted to PLN 6.3 million, which accounted for 13.7% of the total sales revenues.



The Issuer constantly monitors the level of revenues in foreign currencies in relation to the expected costs denominated in PLN and the changes in the foreign exchange market. Based on these analyses, the Company makes decisions on potential sales of foreign currencies with a future settlement date.

Credit risk

Risk related to conducting sales with deferred payment and high concentration of contractors. Under the Company's product sales model, distribution platforms settle accounts with the Issuer within 30 to 60 days after the end of the applicable sales period. In 2021, 90% of sales were made to Valve Corporation, Sony and Microsoft. Deterioration in the financial condition of these contractors may adversely affect the timeliness of payments to the Company. This risk is limited by the very good payment history from these entities and their very good financial condition. In terms of cash, the Company is exposed to credit risk of financial institutions in which these funds are deposited. The company invests funds only in reputable banks with a good rating.

Risk of changes or interpretation of legal or tax regulations

As part of its business, the Company is exposed to changes in the law, including changes in its interpretation, which increases uncertainty. This applies in particular to tax regulations, intellectual property law, commercial law, labour law and capital market regulations. Adjusting the Company's operations to new or changing regulations may increase the costs. Failure to comply with the new and binding regulations or their different interpretation may result in administrative penalties being imposed on the Company.

Due to the specific nature of the industry, the game development process involves contractors cooperating with the Issuer on the basis of contracts other than employment contracts. There is a risk that the legitimacy of entering into such agreements may be questioned, which could lead to an increase in the Company's operating costs. In order to minimize legal risk, the Company continuously cooperates with experienced legal and tax advisors and monitors legislative changes on an ongoing basis.

Risks associated with improper evaluation and unauthorized access to confidential information

As an issuer of securities listed on the public market, the Company is obliged to fulfil its disclosure obligations, including the proper verification of information in terms of its qualification as inside information within the meaning of the MAR Regulation. Incorrect assessment of events or unauthorised access to confidential information may result in the Company breaching relevant regulations relating to the capital market and, consequently, lead to financial penalties being imposed on the Company and persons discharging managerial responsibilities.

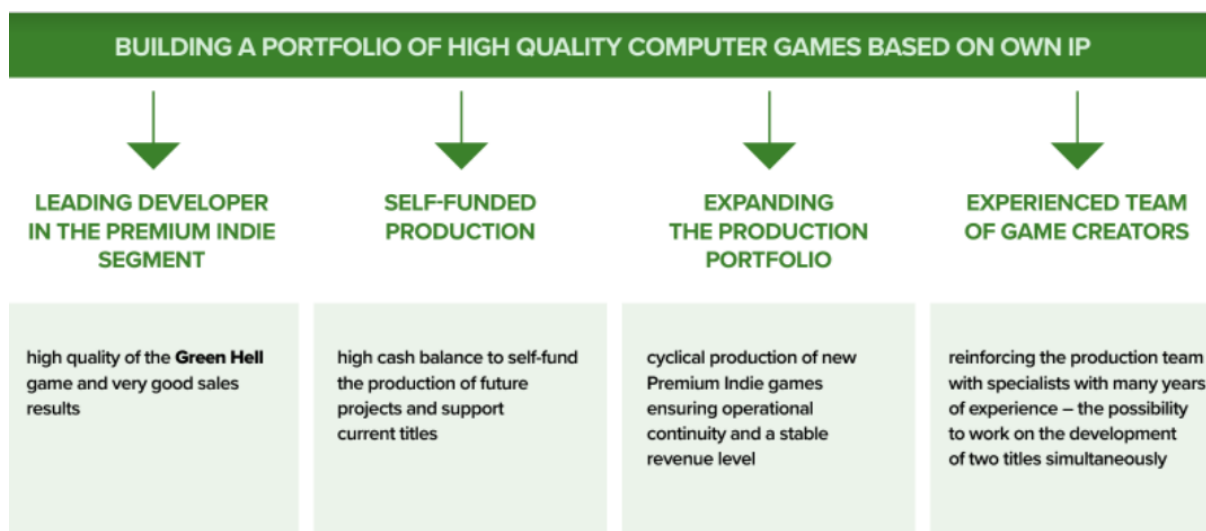
In order to mitigate this risk, the Issuer implements appropriate procedures with respect to the Company's reporting obligations, in particular regulating the flow and protection of access to confidential information. The Company organizes regular trainings to increase the knowledge of its employees regarding confidential information.



CREEPY JAR IN 2021

Strategy implementation and development outlook

Basic assumptions of the Company's strategy



The main assumption of Creepy Jar S.A. development strategy is building a portfolio of high quality computer games based on own IP.

The company sells Green Hell game worldwide in digital distribution model. Sales strategy of the Issuer assumes successive development of products through regular updates with free additions significantly increasing game content. After purchase the customer receives support for the title in the long term without having to incur additional costs.

The Issuer assumes cyclical production of Premium Indie games ensuring operational continuity and a stable level of income in the long term. The company focuses on independently financing its future projects and supporting current titles, which enables it to have high cash balance (PLN 59.7 million at the end of 2021) obtained as a result of very good sales of Green Hell.

The Issuer is also a publisher of its productions (self-publishing model) on major hardware platforms. In an attempt to ensure availability of its titles on the maximum number of platforms in selected cases (Nintendo Switch, VR) the Company grants licenses to external specialized entities for porting the studio's games to new platforms and their distribution. By granting such licenses the Company may, in a cost-effective manner, ensure its share in a portion of revenues generated by licensees on these platforms by participating in their potential market success. At the same time the availability of the studio's production on many platforms allows the Company to diversify the sources of income from the sale of one product. The Issuer focuses exclusively on its own projects and does not foresee in the near future any publishing activity for external development teams.

The Issuer's development strategy is based on organic growth, which the Company intends to achieve by systematically expanding its portfolio of computer games for key hardware platforms. In the Issuer's opinion this will allow for gradual diversification of revenue sources and will provide the Company with funds necessary to implement further original projects.



Currently Creepy Jar creates a team of over 40 game creators whose competences cover key areas necessary for the production of high quality Premium Indie games. Company's development strategy assumes gradual reinforcement of the production team with specialists with many years of experience in gamedev industry in order to guarantee smooth production process and elimination of potential bottlenecks. The studio is also supported by external specialists working on music, storyline and outsourcing selected graphic elements.

The company conducts market analyses in order to identify areas with the greatest potential for computer game production.

Implementation of the strategy

Green Hell for PlayStation 4 and Xbox One consoles was released on 9 June 2021.

During H1 2021, two of the three parts of the series of free add-ons for the base version of Green Hell on PC were made available. Spirits of Amazonia 1 and 2 debuted on the Steam platform on January 28 and June 22, 2021, respectively. During the second half of 2021 the Company was working on the series-closing third supplement Spirits of Amazonia on PC, which was released on March 29, 2022. The release of the supplements was accompanied by a periodic promotion lowering the base price of the game by 30%. In parallel, work continued on porting the first two parts of the Spirits of Amazonia add-on to consoles (PlayStation 4 and Xbox One), with an external studio in charge.

In 2021 the Issuer carried out development work connected with game production, for which it incurred expenditures of PLN 5.0 million in total, of which PLN 3.4 million were recognized in the balance sheet and PLN 1.6 million were recognized in the income statement as current game production costs. The company continued work on its second project, Chimera, which will be an advanced base-building simulator with survivalist elements, from a first-person perspective set in a science-fiction environment. The Company has sufficient cash to complete the new game and to continue to develop Green Hell with future updates.

Development perspectives of the Company

In the coming quarters, the Company's activities will focus on:

- continuing work on Chimera - an advanced base-building simulator with survivalist elements, from a first-person perspective in a science-fiction setting;
- Green Hell expansion with new updates (Building Update and Animal Husbandry additions on PC);
- Spirits of Amazonia series available on PlayStation 4 and Xbox One;
- continued work on bringing Green Hell to virtual reality platforms;
- release of Green Hell on current-generation consoles (PlayStation 5 and Xbox Series S|X).

In the Issuer's opinion, the above actions will have a significant impact on the Company's further development and financial results achieved by it in subsequent quarters. The company is focusing on works related to the second author's game called Chimera.

The Company plans to make Spirits of Amazonia add-ons available for the PlayStation 4 and Xbox One consoles, with Spirits of Amazonia 1 and 2 being the first to be released. They will be made available together with an update which fixes bugs and improves the performance of the basic version of Green Hell on the above mentioned consoles. Additionally, the Issuer is planning further major expansions of Green Hell on PC - Animal Husbandry and Building Update - in 2022. To date, the highest sales revenues were recorded in periods



immediately following the launch of the game or the addition of new updates (e.g. online co-op mode, story mode, additions to the Spirits of Amazonia series) which were further reinforced by periodic price reductions. In the periods between significant updates or expansions, turnover is lower, which may result in differences in revenue values and disparities in the financial results achieved in particular reporting periods. The Issuer seeks to minimize this effect by adding more free updates, expanding the content of Green Hell and extending the sales tail of the product.

The Company plans to begin work on the release of Green Hell for PlayStation 5 and Xbox Series X|S after the porting of the Spirits of Amazonia expansion packs to PlayStation 4 and Xbox One consoles, scheduled for 2022 in the roadmap.

On April 7, 2022, the release of Green Hell VR on the Oculus Quest 2 platform took place, with Incuvo S.A. responsible for the port and distribution. According to Incuvo S.A.'s current report dated March 31, 2022, a PC version of Green Hell VR will be made available in May.

Major achievements in research and development

The Company conducts development work related to the games it produces.

During the reporting period, the Company primarily continued work on its second production, Chimera. In addition, it pursued the development of Green Hell and the release of additions to the Spirits series from Amazon.

Last year the Company, together with an external partner, also worked on porting Green Hell to new hardware platforms. The PlayStation 4 and Xbox One versions of the game were released on June 9, 2021.

Total expenditures on work connected with the production of games in 2021 amounted to PLN 5.0 million in total, of which PLN 3.4 million were recognized in the balance sheet and PLN 1.6 million were recognized in the income statement as current game production costs.

The Company's Management Board continuously seeks and analyses new technological solutions from the point of view of their possible use in products. In the Management Board's opinion, development projects carried out are aimed at the continuous development of the Company's products, including the technology used in them, are the basis for maintaining a loyal customer base and extending the Company's portfolio with subsequent productions with a long sales tail.

Characteristics of external and internal factors significant for the Company's development

External factors:

- growth of the global video game market
- popularization of new hardware platforms
- changes in the general macroeconomic situation and the legal and tax environment

Internal factors:

- success of subsequent productions of the Issuer
- HR policy allowing for retention of key employees
- implementation of investment plans
- building interest in the Company's products
- effective discount policy



The Company's operations, like those of other entities conducting business on a local or international market, are subject to external factors such as changes in the macroeconomic situation and legal or tax regulations.

As the video games market develops, the demand for qualified employees with a specialist scope of competencies increases. One of the key factors essential to the Company's further development is maintaining the team of specialists built up and acquiring others to cooperate on ongoing projects, thus ensuring the fluidity of the production process and eliminating potential bottlenecks.

Through global distribution platforms, the Issuer directs its offer to customers all over the world. The growing popularity of this form of entertainment may positively affect the growth of interest in the Company's products and its sales potential. Low entry barriers for new entities and easy access to global digital distribution through platforms such as Steam, PlayStation Store, Microsoft Store and Nintendo eShop make it crucial to be able to create products which will meet the interest of a large number of players. In order to support the visibility of its products on distribution platforms, the Issuer cooperates with their operators on an ongoing basis. The Company has an effective discount policy, whereby it carries out periodic promotions for its products primarily on the occasion of the launch of its products (including major game updates), which has a positive impact on the sales results for a given period. A possible change by the operators of these platforms in their policies on supporting sales of manufacturers' products (through, for example, restrictions on the possible duration of promotions) may affect the level of sales by the Issuer.

The risk factors identified by the Company, associated with external and internal factors that may adversely affect its business and development prospects, are described in the risk section of this report.

CREEPY JAR'S 2021 FINANCIAL RESULTS

Balance sheet

Assets

(PLN)	31 December 2021	31 December 2020
Non-current assets	5 377 436	3 187 449
Intangible assets	877 422	14 144
Tangible fixed assets	716 598	725 076
Long-term receivables	2 904	0
Long-term investments	0	0
Long-term prepayments	3 780 512	2 448 230
Current assets	68 997 240	34 694 782
Inventory	0	0
Short-term receivables	8 840 985	6 607 043
Short-term investments	59 940 310	27 977 404
Short-term deferred charges and accruals	215 944	110 334
Total assets	74 374 677	37 882 231

Source: 2021 Financial Statements

The value of assets as at 31 December 2021 amounted to PLN 74.4 million, up by PLN 36.5 million from 31 December 2020.

As a consequence of costs of completed development work related to the production of games, intangible assets increased to PLN 0.9 million as at 31 December 2021. Long-term prepayments were PLN 1.3 million higher year on year due to expenditures on game production in progress. As a result, non-current assets increased to PLN 5.4 million as at the balance sheet date.

Short-term receivables as at 31 December 2021 amounted to PLN 8.8 million and resulted primarily from an increase in trade receivables from publishers and owners of distribution platforms through which Green Hell is sold to PLN 5.9 million.

A significant increase in cash and cash equivalents to PLN 59.7 million as at 31 December 2021 (80% share in total assets) is a result of very good sales of Green Hell on all hardware platforms.

Liabilities

(PLN)	31 December 2021	31 December 2020
Shareholders' equity	71 053 549	35 481 063
Basic capital (fund)	679 436	679 436
Reserve capital (fund)	3 501 831	3 501 831
Other reserve capitals (funds)	37 630 894	8 758 001
- established in accordance with the company's articles of association	25 135 731	2 726 960
- created in connection with the incentive scheme	12 495 162	6 031 041
Retained profit (loss) from previous years	133 023	133 023
Net profit (loss)	29 108 364	22 408 772
Liabilities and provisions for liabilities	3 321 128	2 401 167
Provisions for liabilities	593 056	109 005
Long-term liabilities	228 176	421 801
Short-term liabilities	2 499 895	1 832 361
Accruals and deferred income	0	38 000
Total liabilities	74 374 677	37 882 231

Source: Creepy Jar S.A. financial statements for 2021

As of 31 December 2021, shareholders' equity more than doubled to PLN 74.4 million compared to 31 December 2020 and accounted for 96% of total assets. In the reported period, the reserve capital was



increased by the net profit generated in 2020 (PLN 22.4 million). Additionally, reserve capital was created in connection with the implementation of the incentive program, which amounted to nearly PLN 12.5 million as at the balance sheet date.

Liabilities and provisions for liabilities in 2021 increased by PLN 0.9 million compared to the previous year. The main item is short-term liabilities in the amount of PLN 2.5 million including Management Board bonuses in the amount of PLN 1.7 million.

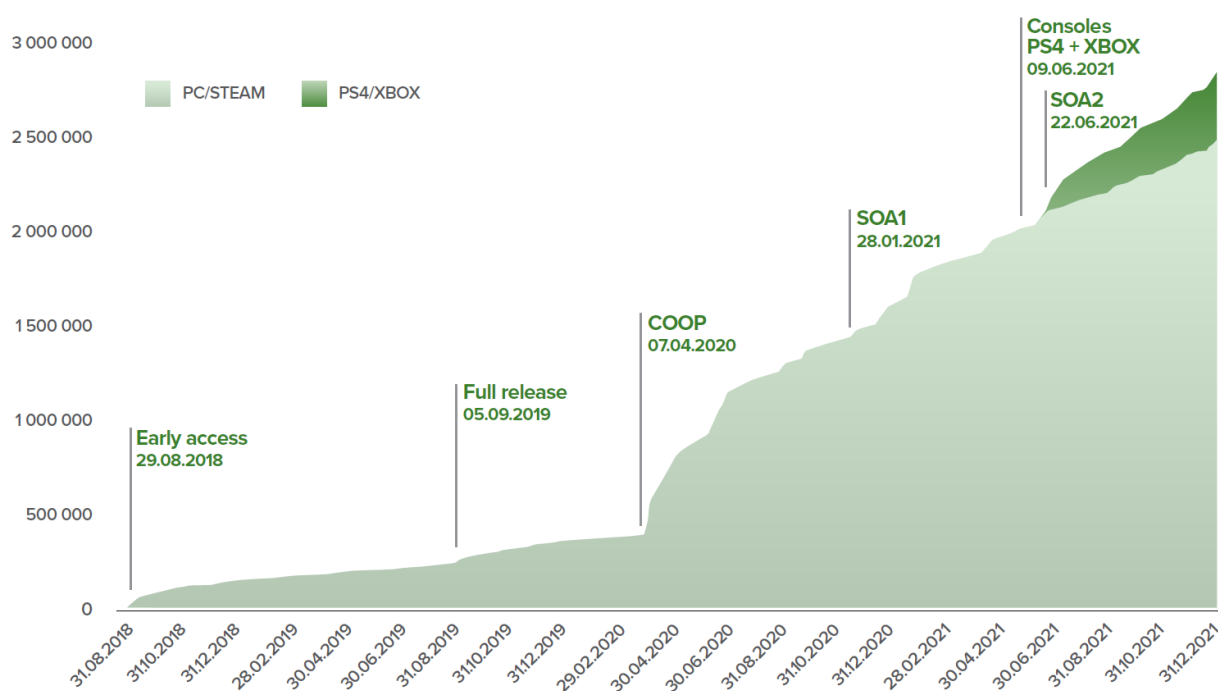
Profit and loss account

(PLN)	1 January 2021 - 31 December 2021	1 January 2020 - 31 December 2020
I. Net sales revenues and equivalents, including:	46 128 029	37 670 842
1. Net income from sales of products	46 128 029	37 670 842
II. Costs of operating activities	15 931 628	12 160 313
1. Amortisation and depreciation	1 597 873	1 145 935
2. Consumption of materials and energy	246 909	116 725
3. External services	4 515 450	2 277 850
4. Taxes and charges	24 617	6 297
5. Salaries and wages	9 156 395	8 398 609
6. Social insurance and other benefits	44 357	25 057
7. Other costs by nature	346 028	189 841
III. Profit (loss) on sales (I-II)	30 196 401	25 510 530
IV. Other operating income	14 518	8
V. Other operating expenses	17 791	4 716
VI. Profit (loss) on operating activities (III+IV-V)	30 193 129	25 505 821
VII. Financial income	1 232 955	124 576
VIII. Financial expenses	36 862	1 159 284
IX. Gross profit (loss) (VI+VII-VIII)	31 389 221	24 471 113
X. Income tax	2 286 045	2 062 341
XII. Net profit (loss) (IX-XI)	29 103 176	22 408 772

Source: 2021 Financial Statements

2021 was a record year for the Company in terms of financial results. Thanks to very good sales of Green Hell on all platforms the value of revenues between 1 January 2021 and 31 December 2021 increased by PLN 8.5 million to PLN 46.1 million (a 22% increase y/y). The share of sales on Steam in the Issuer's revenues was 42% in 2021 and 86% in 2020. Meanwhile, the combined share of sales on Steam and PlayStation and Xbox consoles in sales revenue in the reported period was nearly 90%. Gross sales in volume terms during the reporting period on Steam, PlayStation Store and Microsoft Store platforms (game versions for which the Company holds publishing rights) amounted to 1.26 million copies, including 0.36 million copies on PlayStation and Xbox consoles.

Figure 2. Green Hell gross sales levels on key platforms (YTD, in pcs)



Source: Data based on reports from Steam (Valve Corporation), PlayStation Store and Microsoft Store

Higher sales revenues are generally realized in periods immediately following the release or update of a given game supported by periodic promotions, while in subsequent periods sales are usually significantly lower. The year 2021 saw the release of two additions to the Spirits of Amazonia series on PC and the release of Green Hell on PlayStation 4 and Xbox One consoles.

As of January 31, 2022, Green Hell gross sales on PC/Steam, PlayStation and Xbox platforms cumulatively exceeded 3 million copies sold. The number of players still waiting to purchase the game ("Wishlist") on the Steam platform is also steadily increasing. As of January 31, 2022, the Wishlist level for Green Hell on the Steam platform exceeded 1.16 million people.

Operating expenses in 2021 amounted to PLN 15.9 million and were PLN 3.8 million higher than a year earlier (an increase of 31% y/y). The largest items were salaries and wages (PLN 9.2 millions) and external services (PLN 4.5 million). The 9% year-on-year increase in salaries and wages is attributable to an increase in the cost of remuneration for the Management Board and Supervisory Board members (in total, up by just under PLN 0.3 million) and the Incentive Scheme (up by PLN 0.5 million). In the reporting period, a salary expense of PLN 6.5 million was recognized in connection with the implementation of the Incentive Scheme for 2020-2022 (the total cost of the Incentive Scheme as disclosed in the books as at 31 December 2021 was PLN 12.5 million).

In 2021 the cost of external services nearly doubled to PLN 4.5 million as a result of higher costs of services connected with game production (an increase of PLN 1.2 million) and marketing services (an increase of PLN 0.5 million) and additionally, in the reporting period the cost of software licenses increased by over PLN 0.1 million.

Depreciation in 2021 amounted to PLN 1.6 million and was higher by PLN 0.45 million y/y mainly due to the amortization of Spirits of Amazonia 1 on PC in Q2 2021 and work on the porting of Green Hell to PlayStation 4 and Xbox One consoles. Stock exchange fees of PLN 0.1 million are primarily responsible for the increase in other expenses by type.



In 2021 the Company generated PLN 30.1 million in operating profit (an increase of 18% y/y). In the reported period, financial income amounted to PLN 1.2 million vs. PLN 0.1 million in 2020. This is a result of foreign exchange gains of PLN 0.9 million and gains on forward contracts. The Company's net profit in the reported period increased by PLN 6.7 million to PLN 29.1 million (an increase of 30% y/y).

Cash flow statement

(PLN)	1 January 2021 -31 December 2021	1 January 2020 -31 December 2020
Net profit (loss)	29 103 176	22 408 772
Total adjustments	6 402 609	2 669 409
Net cash flows from operating activities	35 505 785	25 078 181
Inflows	70 628	123 836
Expenses	3 670 737	3 297 754
Net cash flows from investing activities	- 3 600 110	- 3 173 918
Inflows	0	0
Expenditures	162 510	148 212
Net cash flows from financial activities	-162 510	-148 212
Total net cash flows	31 743 165	21 756 051
Balance sheet change in cash, including	31 729 580	21 802 919
– change in cash due to exchange differences	13 585,48	-46 868
Cash and cash equivalents at the beginning of the period	27 993 279	6 237 228
Cash and cash equivalents at the end of the period	59 736 444	27 993 279

Source: Creepy Jar S.A. financial statements for 2021

Cash flows from operating activities

The Company maintains a high cash generating capacity. Cash flows from operating activities in 2021 amounted to PLN 35.5 million, up 42% on 2020.

The greatest impact on achieving such a result had a record net profit of PLN 29.1 million. Adjustments include non-cash expenses related to the incentive program (PLN 6.5 million), depreciation (PLN 1.6 million), and changes in working capital including changes in receivables, provisions, short-term liabilities and accruals (in total PLN -1.3 million)

Cash flows from investing activities

In 2021 the Company incurred capital expenditures of PLN 3.7 million for the acquisition of intangible assets and property, plant and equipment, including PLN 3.4 million for further updates to Green Hell, including the PlayStation 4 and Xbox One versions, the first part Spirits of Amazonia and the production of CHIMERA. Spirits of Amazonia and outlays on the production of Chimera. For comparison, in 2020 capital expenditures amounted to PLN 3.3 million. In 2021, the Company recorded income of PLN 71 thousand from investment activities, compared to PLN 124 thousand of such income in the previous period. In both cases, these were profits on foreign currency sales transactions with a future date.

Cash flows from financing activities

Throughout 2021. The Issuer did not record revenue from financing activities. On the financial expenses side, it made payments under lease agreements in the amount of PLN 162 thousand vs. PLN 148 thousand in 2020.



Information about borrowing agreements entered into and terminated in 2021 and loans

Neither during 2021 nor through the date of this MD&A has the Company entered into any agreements for borrowings, loans or other forms of debt capital.

Information on loans granted in 2020, including loans granted to entities related to the Issuer

Neither in 2020 nor up to the date of this Directors' Report has the Company made any loans, including to related parties of the Issuer.

Information on sureties and guarantees granted and received, including those granted to entities related to the Issuer

Neither during 2021 nor up to the date of this Report has the Company given, received or applied to receive any sureties or guarantees, including from affiliates of the Issuer.

Description of how the company has used the proceeds up to the date of publication of the report

During the reporting period, the Company did not issue any new shares.

In order to implement the incentive program for key team members, the Company plans to issue up to 37,000 shares (pursuant to § 8.8 of the Issuer's Articles of Association) by June 30, 2023, as part of the Management Board's authority to increase the share capital within the limits of the authorized capital. Its basic assumptions were adopted by way of Resolution No. 17 of the Ordinary General Meeting of July 23, 2020, which came into force upon adoption. The solutions adopted in the Rules of the Incentive Scheme are to contribute to the creation within the Company of a long-term incentive mechanism for employees, associates and Management Board Members, aimed at increasing its value and achieving its strategic and operational objectives.

Explanation of differences between the financial results disclosed in the annual report and the previously published forecasts for the year

The Company has not published financial estimates or forecasts concerning the presented period. Due to the specific nature of the industry, in the Company's opinion, it is not possible to precisely determine the potential number of copies of a game sold in the future, and any assumed data can only be indicative. Therefore, the Company does not prepare any binding plans regarding product sales (in terms of their number).

Description and evaluation of the management of financial resources, including the ability to meet obligations incurred

Since the commencement of the Company's operations, the Issuer's financing structure has predominantly involved equity as a form of financing its activities. In 2020-2021 its share in the Issuer's balance sheet structure oscillated around 94%-96%. At the same time, the Company finances its operations with borrowed capital to a small extent (4%-6%), but it should be emphasised that it mainly comprises trade and tax liabilities. Except for lease liabilities related to means of transport, until the date of this Report, the Issuer has not used debt (interest-bearing liabilities) to finance its activities - neither in the form of credits, loans, nor debt securities.



As of the date of this Management Report, the Issuer does not identify borrowing needs. As at 31 December 2021, cash and cash equivalents of PLN 59.7m were disclosed in the balance sheet, representing an 80% share of the Company's total assets. In the opinion of the Management Board, the Company's current financial condition and ability to settle current liabilities is highly stable. Proceeds from the sale of Green Hell satisfy the Company's cash needs. At the same time, the Issuer does not predict additional issue of shares in order to gain additional financial means for realization of the Company development strategy (except for issue of shares connected with realization of the Incentive Program).

Assessment of the feasibility of investment projects

The Company's goal is to produce and release its next production, Chimera, using only its own funds from the Company's retained earnings realized from the sale of Green Hell.

As of December 31, 2021. Company's balance sheet shows cash and cash equivalents of PLN 59.7 million and trade receivables of PLN 5.9 million. The Issuer has sufficient cash to complete and release Chimera, whose preliminary budget is estimated at over PLN 10 million.

Description of major domestic and foreign investments and description of the structure of major capital investments

(PLN)	1 January 2021 - 31 December 2021	1 January 2020 - 31 December 2020	Change y/y (in percent)
Capital expenditures	3 670 737	3 297 754	11%
Acquisition of intangible and tangible fixed assets	3 670 737	3 297 754	11%
Other investment expenditure	0	0	

Source: Financial statements for 2021, own calculations

In 2021. The Issuer incurred capital expenditures of PLN 3.7 million, which represented expenditures on further updates to Green Hell, including but not limited to additions to the Spirits of Amazonia series and expenditures on the production of Chimera. All capital expenditures incurred should be classified as domestic investments. The cash surpluses held allowed the Company to finance its day-to-day operations in 2021 from its own resources without having to resort to external funds.

Description and evaluation of factors and unusual events affecting 2021 results of operations

There were no factors of an unusual nature during the fiscal year ended December 31, 2021 that affected the Company's results for that period.

Changes in the basic principles of managing the Company

There are no changes in the Company's basic management principles in 2021.

In connection with the transfer of Creepy Jar S.A. shares from the Alternative Trading System NewConnect to the regulated market of the Warsaw Stock Exchange, the Company is subject to the set of corporate governance principles "Good Practices of Companies Listed on the Warsaw Stock Exchange 2021".



Agreements concluded between the Company and management personnel providing for compensation in the event of their resignation or dismissal

As of the date of this Report, the Company's officers or supervisors are appointed by resolution and there are no agreements providing for compensation in the event of their resignation or dismissal from their positions.

Value of remuneration, awards or benefits received by members of the management and supervisory bodies of the Company

Remuneration and rules of compensation of Members of the Management Board

The remuneration paid to members of the Management Board is divided into: (i) fixed remuneration received by each member of the Management Board for performing his/her function, (ii) fixed remuneration received by each member of the Management Board for providing professional services to the Company, (iii) variable remuneration, i.e. cash bonuses, incentive schemes and (iv) additional benefits not directly in cash.

The Management Board members receive monthly remuneration for the performance of their duties in an equal amount for each member of the Management Board. By resolution of the Company's Supervisory Board No. 4/08/2020 of 25 August 2020, the gross monthly remuneration of each Management Board member for the performance of their duties was set at PLN 17,000 (seventeen thousand PLN). By resolution of the Supervisory Board No. 2/12/2021 of 3 December 2021, the remuneration of each member of the Management Board for the performance of their duties was set at PLN 22,500 (twenty-two thousand five hundred PLN) gross monthly, starting from 1 January 2022.

Cooperation in the provision of specialist services key to the Company's operations is based on service contracts, the content of which, including the amount of remuneration, was approved by a resolution of the Company's Supervisory Board dated 14 March 2017. Starting from September 2020, the monthly remuneration of each member of the Management Board for providing specialist services to the Company was set at PLN 17,000 (seventeen thousand PLN) net plus VAT. The remuneration in this amount was granted pursuant to resolutions of the Company's Supervisory Board No. 1/08/2020, 2/08/2020 and 3/08/2020 dated 25 August 2020. By resolution of the Supervisory Board No. 3/12/2021 dated 3 December 2021, the remuneration of each member of the Management Board for their professional services to the Company was set at PLN 22,500 (twenty-two thousand five hundred PLN) net per month plus VAT, with effect from 1 January 2022.

Members of the Company's Management Board also receive cash bonuses. Since the effective date of the Remuneration Policy, the variable remuneration for each member of the Management Board is granted by the Company in a clear, comprehensive manner, ensuring effective implementation of the Remuneration Policy, by reference to the financial and non-financial performance of the Company, taking into account the social interest, as well as the Company's contribution to the protection of the environment and aimed at preventing and eliminating the negative social consequences of the Company's activities.

A bonus fund is created for cash bonuses, the allocation of which is decided by the Supervisory Board on the basis of evaluations taking into account such elements as:

- a) achievement of the financial targets set for the financial year,
- b) the contribution of individual members of the Management Board to the achievement of financial and non-financial objectives,
- c) overall functioning of the Company, including securing the risks in key areas of its operations,
- d) financial security of the Company.

The total cash bonus budget may not exceed 6% (six percent) of the Company's net profit for a given financial year. The Supervisory Board evaluates the Company's financial result and the criteria described above on an



annual basis and, on this basis, adopts a resolution determining the amount of the bonus fund and the share of each member of the Management Board in this fund. In accordance with the regulations applicable to the Company prior to the introduction of the Remuneration Policy, in 2021 Members of the Management Board were granted and paid cash bonuses for 2020 in the total amount of PLN 1,343,425, i.e. an amount representing 6% of the net profit earned by the Company in the previous financial year.

Members of the Management Board participate also in the incentive scheme introduced based on the Rules of the Incentive Scheme adopted by the General Meeting by way of Resolution No. 17 dated July 23, 2020. ("Regulations"). Pursuant to the rules set forth in the Rules at the meeting held on August 25, 2020. The Company's Supervisory Board, by its resolution No. 5/08/2020, approved the list of participants in the Incentive Scheme, including, among others, the Members of the Company's Management Board. Under the aforementioned resolution, each Member of the Management Board received an opportunity to acquire up to 5,000 shares, depending on the Company's financial performance for 2020-2022.

In 2021. The Company covered the cost of medical insurance for the benefit of each Member of the Management Board and their next of kin. Members of the Management Board had company cars at their disposal, as well as the opportunity to take advantage of the Company's Multisport sports and recreation program. Moreover, members of the Management Board are covered by the Company's insurance related to their holding functions in the Company's bodies.

The Company does not rule out employing Management Board members under employment contracts in the future.

As at the publication date of this Management Board Report there are no contingent or deferred benefits due to the members of the Management Board.

As at the date of publication of this Management Board Report, there are no agreements concluded between the Management Board members and the Company which specify the benefits payable upon termination of the contract.

Remuneration of the Management Board members in 2021 (in PLN)

Name, surname, function	Fixed remuneration for holding office	Fixed remuneration for services rendered	Variable remuneration – bonuses for 2020 paid in 2021	Additional benefits	Fixed remuneration for 2021 to be paid in 2022
Krzysztof Kwiatek President of the Management Board	204 000	204 000	447 808	7 333	582 160
Krzysztof Sałek Member of the Management Board	204 000	204 000	447 808	7 333	582 160
Tomasz Soból Member of the Management Board	204 000	204 000	447 808	8 119	582 160

Remuneration and rules of compensation of Members of the Supervisory Board

Pursuant to the Company's Articles of Association, the remuneration of members of the Supervisory Board is determined by the General Meeting under the adopted remuneration policy by way of adopting a resolution.

The Supervisory Board members are entitled to monthly remuneration irrespective of the frequency of formally convened Supervisory Board meetings. Members of the Supervisory Board who serve on the Audit

Committee are entitled to additional net remuneration in the amount, timing and method of payment to be determined by the General Meeting.

By Resolution No. 19 of June 23, 2020, which came into force upon adoption, the Ordinary General Meeting resolved to fix the remuneration of the members of the Company's Supervisory Board and the remuneration for the persons serving on the Audit Committee as follows:

- fix the monthly net remuneration of the Chairman of the Supervisory Board at PLN 2,000 (two thousand),
- fix the remuneration of each Member of the Supervisory Board of the Company at PLN 1,000 (one thousand) net per month,
- fix the remuneration of the Chairman of the Company's Audit Committee at PLN 2,000 (two thousand) net per each meeting of the Audit Committee,
- fix the remuneration of each Member of the Company's Audit Committee at PLN 1,000 (one thousand) net per each meeting of the Audit Committee;

The aforementioned amounts of remuneration were effective until the end of June 2021.

The Ordinary General Meeting of Shareholders, by Resolution No. 21 of July 24, 2021, starting from July 2021, decided to determine the remuneration of the members of the Supervisory Board of the Company and the remuneration for the persons comprising the Audit Committee as follows:

- fix the monthly gross remuneration of the Chairman of the Supervisory Board at PLN 6,600 (six thousand six hundred);
- fix the remuneration of each Member of the Supervisory Board of the Company at PLN 4,000 (four thousand) gross per month;
- fix the remuneration of the Chairman of the Company's Audit Committee at PLN 3,000 (three thousand) gross per each meeting of the Audit Committee;
- fix the remuneration of each Member of the Company's Audit Committee at PLN 1,500 (one thousand five hundred) gross per each meeting of the Audit Committee.

The General Meeting shall be entitled to grant individual awards to members of the Supervisory Board in the amount specified in a resolution of the General Meeting.

Members of the Supervisory Board may not receive from the Company any other pecuniary or non-pecuniary remuneration for serving as a member of the Supervisory Board other than as described above.

In 2021. Members of the Supervisory Board did not receive any part of their remuneration on the basis of a bonus or profit-sharing plan, in the form of stock options, in the form of any other benefit in kind (such as health care or a means of transportation), subject to coverage under the Company's existing insurance related to their functions in its bodies.

Table 2 Remuneration of the Members of the Supervisory Board in 2021 (in PLN)

Name	Position	Remuneration for performance of functions
Michał Paziewski	Chairman of the Supervisory Board, Member of the Audit Committee	62 925
Mirosława Cienkowska	Member of the Supervisory Board, Chairman of the Audit Committee	45 656
Tomasz Likowski	Member of the Supervisory Board	31 920
Piotr Piskorz	Member of the Supervisory Board, Member of the Audit Committee	39 055
Artur Lebiedziński	Member of the Supervisory Board	24 289

Ryszard Brudkiewicz*	Member of the Supervisory Board	7 644
Andrzej Knigawka**	Member of the Supervisory Board, Chairman of the Audit Committee	1 053

*Mr Ryszard Brudkiewicz served as Member of the Supervisory Board until 24 June 2021.

**Mr. Andrzej Knigawka served as a Member of the Supervisory Board and Chairman of the Audit Committee until 13 January 2021.

Other transactions with related parties

The Issuer's related entities with which the Issuer entered into transactions of material importance to the Issuer in the period covered by the Report are:

Krzysztof Kwiatek President of the Issuer's Management Board	provides services to the Issuer i) until 31 July 2021 under a professional services agreement dated 14 March 2017 and ii) from 1 August 2021 under a professional services agreement dated from 1 August 2021, and is also a shareholder of the Issuer and, as at the date of publication of this Report, holds a total of 73,879 shares in the Issuer, representing 10.87% of the Issuer's share capital and the same proportion of votes at the General Meeting;
Krzysztof Sałek Member of the Issuer's Management Board	provides services to the Issuer i) until 31 July 2021 under a professional services agreement dated 14 March 2017 and ii) from 1 August 2021 under a professional services agreement dated from 1 August 2021, and is also a shareholder of the Issuer and, as at the date of publication of this Report, holds a total of 73,878 shares in the Issuer, representing 10.87% of the Issuer's share capital and the same proportion of votes at the General Meeting;
Tomasz Soból Member of the Issuer's Management Board	provides services to the Issuer i) until 31 July 2021 under a professional services agreement dated 14 March 2017 and ii) from 1 August 2021 under a professional services agreement dated from 1 August 2021, and, as at the date of this Report, holds a total of 73,752 shares in the Issuer, representing 10.85% of the Issuer's share capital and the same proportion of votes at the General Meeting;
Ryszard Brudkiewicz* Member of the Issuer's Supervisory Board	Kancelaria Radców Prawnych Brudkiewicz, Suhecka S.K.A. with its registered office in Poznań provides ongoing legal services to the Issuer and provided legal services related to the transfer of the Issuer's quotations to the regulated market.

* Mr Ryszard Brudkiewicz served as a Member of the Supervisory Board until 24 June 2021.

Agreements between the Issuer and related entities were concluded on market terms. Detailed information on the transactions concluded with members of the Issuer's Management Board has been presented in the part of the Report concerning the remuneration of Management Board members in 2021.

During the financial year an entity related to Mr Ryszard Brudkiewicz, i.e. Kancelaria Radców Prawnych Brudkiewicz, Suhecka S.K.A. provided legal advisory services to the Company, among others in connection with the transfer of the Issuer's shares to the main market. Agreements in this regard were concluded on market terms.

Ryszard Brudkiewicz	
Remuneration for performing the function (gross, PLN)	7 644
Remuneration (net, PLN) due to Kancelaria Radców Prawnych Brudkiewicz, Suhecka S.K.A.*	163 115

* The given amount of remuneration (net) payable to Kancelaria Radców Prawnych Brudkiewicz, Suhecka S.K.A. covers the period from 1 January 2021 to 30 June 2021.



Agreements that may result in future changes in proportions of shares held by shareholders and bondholders

The Company has introduced an incentive program for key employees described in the section below key employees and associates. As a result of the program, the proportions of shares held by the shareholders may change in the future.

Information on the control system of employee share schemes

At the meeting held on June 25, 2020 The Company's Supervisory Board, by Resolution No. 10/6/2020, gave a positive opinion on the Incentive Scheme Rules prepared by the Issuer's Management Board and recommended their adoption to the General Meeting. The Incentive Scheme Rules were adopted by virtue of Resolution No. 17 of the Ordinary General Meeting dated 23 July 2020, which came into force upon adoption (notarial report dated 23 July 2020 drawn up by Tomasz Cygan, Notary Public in Warsaw, for Rep. A No. 6341/2020).

Pursuant to these Regulations, the purpose of adopting the incentive program is:

- creation of a long-term mechanism in the Company aimed at motivating: (i) employees and associates of significant importance to the Company to continue their cooperation with the Company for years to come, and (ii) employees and associates, as well as members of the Company's Management Board, to take actions that ensure a long-term increase in the Company's value and its development,
- ensuring professional stability of the aforementioned persons within the Company's structure,
- realization by the Company of the assumed economic effects and optimization of its financial results,
- the willingness to create conditions for rewarding employees and co-workers as well as members of the Company's Management Board for their contribution to the increase of the Company's value and the financial results achieved by the Company.

The Rules of the Incentive Scheme specify the term of the incentive scheme for 2020, 2021 and 2022. Pursuant to its assumptions, the incentive scheme will be implemented as part of the Management Board's authorisation, pursuant to Par. 8.8 of the Articles of Association, to increase the Company's share capital within the limits of the Authorised Capital. Under the Incentive Scheme, eligible persons may be granted up to 37,000 new shares in the Company's increased share capital. Pursuant to the Incentive Program Regulations, the General Meeting, in adopting the Regulations, indicates the general objectives of the Company applicable during the term of the incentive program of its participants who have entered into Participation Agreements in 2020 and will enter into them in subsequent years. These are as follows:

- an employee or associate of the Company remains in a legal relationship under certain agreements (e.g. service agreement, employment contract), at least from the date of execution of the Participation Agreement until December 31st 2022 inclusive (Tranche 1),
- achievement by the Company of the annual average Gross Profit in 2020-2022 in the amount of PLN 20,000,000 (Tranche 2), as a condition for full allocation of Tranche 2.

On the basis of the general objectives of the Company, the Supervisory Board set out specific objectives which will form the basis for concluding agreements with eligible persons containing individualised terms of participation in the programme. The fulfilment of the Company's detailed objectives will be finally verified by the Supervisory Board in relation to the Company's employees and co-operators and members of the Company's Management Board, not later than by 31 May 2023. The basis for granting the right to acquire Shares to a given Participant shall be a resolution of the Supervisory Board.

The Shares will be allocated in two tranches:



- Tranche 1 - intended exclusively for the Company's employees and associates (excluding members of the Company's Management Board) - 18,500 shares purchased at the issue price of PLN 1 (one zloty);
- Tranche 2 - intended for the Company's employees, associates and Management Board members - 18,500 shares purchased at the issue price calculated as the average price of the Company's Shares on the NewConnect market during the period from March 1, 2019 to February 28, 2020.

The Supervisory Board will adopt a resolution to grant a specified number of shares to the eligible persons identified by the Supervisory Board by 10 June 2023. The rights under the incentive scheme may be exercised at the request of the holder not later than 30 June 2023. The Company will apply for the introduction of the shares issued for the purposes of the incentive scheme to trading on the regulated market operated by the Warsaw Stock Exchange.

Auditors

Grant Thornton Polska Spółka z ograniczoną odpowiedzialnością Spółka komandytowa with its registered office at ul. Abpa Antoniego Baraniaka 88 E, 61-131 Poznań

Details of the audit firm's contract and fees are presented in Note 57 of the 2021 Financial Statements.

Description of material proceedings pending before court, competent arbitration authority or state administration authority

In 2021, there were no proceedings pending before any court, competent arbitration authority or public administration authority, concerning the liabilities or receivables of the Issuer.

Information on capital and organizational relationships of the Company with other entities

As at the date of this Management Report, in the opinion of the Management Board there are no capital or organisational relations with other entities. The Issuer does not hold shares in other entities.

STATEMENT ON THE APPLICATION OF CORPORATE GOVERNANCE PRINCIPLES

General information

Creepy Jar S.A. is subject to corporate governance rules contained in the document "Code of Best Practice for WSE Listed Companies 2021" (hereinafter "Best Practices 2021"), adopted by Resolution of the Stock Exchange Council No. 13/1834/2021 of 29 March 2021. The text of the aforementioned set of principles is available on the website: <https://www.gpw.pl/dobre-praktyki2021>

The Company does not apply corporate governance practices exceeding the requirements under domestic law. All information arising from the corporate governance principles adopted by the Company, including subsequent updates, is published on the website:

<https://creepylar.com/lad-korporacyjny/>

The extent to which the Company departed from the provisions of the corporate governance Best Practices 2021

According to the current status of application of Best Practices 2021, the Company does not apply the following principles:

1.3.1., 1.3.2., 1.4., 1.4.1., 1.4.2., 2.1., 2.2., 3.3, 3.4., 3.5., 3.6., 3.10 and 4.1.

1.3. The company also incorporates ESG topics into its business strategy, specifically including:

1.3.1. environmental issues, including metrics and risks associated with climate change and sustainability issues;

The Company does not apply the above principle.

Company Comment: The Company's current business strategy does not include ESG topics.

In the opinion of the Company's management, given the nature of the Company's business and its scale, the potential negative impact of the Issuer on environmental issues and climate change is insignificant. The Company will consider including ESG topics in the development of its future strategy.

1.3.2. social and labour issues, such as actions taken and planned to ensure gender equality, sound working conditions, respect for employees' rights, dialogue with local communities, customer relations.

The Company does not apply the above principle.

Company Comment: The Company's current business strategy does not include the ESG topic. Notwithstanding the above, the Company, within the framework of its activity, applies legal regulations and ethical standards aimed at gender equality, ensuring proper working conditions and respecting employees' rights, as well as cares for proper relations with customers.

1.4. In order to ensure proper communication with its stakeholders on the business strategy adopted, a company shall publish on its website information about the assumptions of its strategy, measurable objectives, including in particular long-term objectives, planned activities and progress in its implementation, determined by financial and non-financial metrics. Information on the strategy in the ESG area should, among other things:

The Company does not apply the above principle.

Company Comment: The Company applies this principle in part by publishing information on the main assumptions of its strategy in the Investor Relations tab. However, the strategy published on the website does not include measurable objectives defined by financial and non-financial metrics or the progress of their

implementation. The Company will consider expanding the information presented on the website as part of the strategy to include measurable objectives and an indication of progress towards their achievement, and will consider including ESG topics as part of the development of a future strategy.

1.4.1. explain how climate change issues are taken into account in the decision-making processes of the company and its group entities, highlighting the resulting risks;

The Company does not apply the above principle.

Company Comment: *The business strategy currently pursued by the Company does not include the subject of ESG. In the opinion of the Company's Management Board, given the nature of the Company's business and its scale, the potential negative impact of the Issuer on environmental issues and climate change is insignificant. Therefore, the Company does not publish relevant information on its website.*

1.4.2. present the value of the equal pay ratio paid to its employees, calculated as the percentage difference between the average monthly pay (including bonuses, prizes and other allowances) of women and men for the last year, and present information on the actions taken to eliminate any inequalities in this respect, together with a presentation of the risks associated with this and the time horizon over which it is planned to achieve equality.

The Company does not apply the above principle.

Company Comment: *The Company does not perform additional calculations for the purpose of calculating the pay equity ratio. The most important criteria influencing the amount of individual remuneration of each employee are qualifications, experience and scope of performed duties. The Company applies laws and ethical standards of gender equality, ensuring proper working conditions and respecting the rights of both women and men.*

2.1. A company should have a diversity policy for the management board and the supervisory board, adopted by the supervisory board or the general meeting, respectively. The diversity policy shall define the objectives and criteria for diversity in areas such as gender, field of study, specialist knowledge, age and professional experience, and shall specify the timeframe and method of monitoring the achievement of such objectives. As far as gender diversity is concerned, the condition for ensuring the diversity of the company's governing bodies is a minority shareholding of no less than 30% in a given body.

The Company does not apply the above principle.

Company Comment: *The Company does not have a diversity policy with respect to the composition of its Management Board and Supervisory Board that takes into account the parity indicated in this rule. Decisions regarding the election of members of the Company's Management Board are made by the Supervisory Board, and regarding the election of members of the Supervisory Board by the General Meeting, so the Company has no direct and real influence on the shape of its bodies. Candidates to the Company's bodies are selected on the basis of their knowledge, qualifications and experience.*

2.2. The persons deciding on the election of the members of the company's Management Board or Supervisory Board should ensure the comprehensiveness of these bodies by selecting persons to ensure diversity in their composition, making it possible, inter alia, to achieve the target ratio of minimum minority participation set at a level of not less than 30%, in accordance with the objectives set out in the adopted diversity policy referred to in principle 2.1.

The Company does not apply the above principle.

Company Comment: *Decisions on the election of the members of the Company's Management Board are made by the Supervisory Board, and with respect to the election of the members of the Supervisory Board, by the General Meeting, therefore the Company has no direct and real impact on the shape of its bodies. Candidates to the Company's bodies are selected based on their knowledge, qualifications and experience.*

3.3. A company included in the WIG20, mWIG40 or sWIG80 index appoints an internal auditor heading the internal audit function, operating in accordance with generally accepted international standards of professional internal audit practice. In other companies which do not have an internal auditor fulfilling the aforementioned requirements, the audit committee (or the supervisory board, if it performs the functions of an audit committee) shall assess annually whether there is a need to appoint such a person.

The Company does not apply the above principle.

Company Comment: *Due to the size and nature of its business, as of the date of this DPSN2021 Compliance Statement, the Company has not appointed an internal auditor to head the internal audit function. The tasks arising from this area are performed directly by the Audit Committee. The Issuer will consider the appointment of an internal auditor taking into account, among other things, the future development of the Company and the content of the opinions provided annually by the Audit Committee regarding the need to appoint such a person.*

3.4. The remuneration of risk managers, compliance officers and the head of internal audit should be based on the performance of the assigned tasks and not on the company's short-term results.

The Company does not apply the above principle.

Company Comment: *Due to the size of the Company and the nature of its operations, there are no separate persons responsible for risk management and compliance or the head of internal audit. The tasks arising from these areas are performed directly by the Management Board and the Audit Committee. The Management Board and the Audit Committee assess every year whether there is a need to appoint persons responsible for the above areas.*

3.5. Those responsible for risk management and compliance report directly to the President or another member of the Board of Directors.

The Company does not apply the above principle.

Company Comment: *Due to the size of the Company and the nature of its operations, there are no separate persons responsible for risk management and compliance. The tasks arising from these areas are performed directly by the Management Board. The Management Board and the Audit Committee assess every year whether there is a need to appoint persons responsible for the above areas.*

3.6. The head of internal audit reports organizationally to the chairman of the board of directors and functionally to the chairman of the audit committee, or to the chairman of the supervisory board if the board serves as the audit committee.

The Company does not apply the above principle.

Company Comment: *Due to the size of the Company and the nature of its business, there is no separate person responsible for managing the internal audit. Audit tasks are performed directly by the Audit Committee. The Board of Directors and the Audit Committee assess annually whether there is a need to appoint persons responsible for internal audit.*

3.10. At least once every five years a company included in a WIG20, mWIG40 or sWIG80 index will have its internal audit function reviewed by an independent auditor selected with the participation of the audit committee.

The Company does not apply the above principle.

Company Comment: *Due to the size and nature of the Company's business, no separate units responsible for the internal audit function have been established so far. The tasks arising from this area are performed directly by the Audit Committee. The Management Board and the Audit Committee assess every year whether there is a*

need to separate units responsible for the above tasks. Considering the above, the Company has not yet had its internal audit function reviewed by an independent auditor.

4.1. A company should enable shareholders to participate in a general meeting using electronic means of communication (e- meeting) if this is justified by the expectations of shareholders notified to the company, provided that it is able to provide the technical infrastructure necessary for holding such a general meeting.

The Company does not apply the above principle.

Company Comment: *The application of the above rule may involve organisational, technical and legal risks. Moreover, it is also connected with incurring additional costs by the Company related to providing technical possibilities of participating in General Meetings. The rules for convening and holding general meetings resulting from the provisions of law sufficiently ensure the possibility for shareholders to personally participate in the General Meeting and exercise their rights in this respect, and the Company convenes General Meetings on dates and times which allow extensive participation by shareholders.*

Company convenes General Meetings setting the days and hours enabling wide participation of the shareholders. At the same time, it is possible to participate in the General Meeting through a proxy. Notwithstanding the foregoing, the Company informs that it has rules of procedure for participation in the Company's general meetings using electronic communication means, which was adopted by resolution of the Company's Supervisory Board No. 1/4/2020 dated April 16, 2020. In the future, if there are administrative restrictions related to limiting the number of meetings, or if there is actual interest on the part of shareholders, the Issuer will ensure that shareholders can participate in the future, should there be administrative limitations related to the limitation of the number of meetings or in the event of actual interest on the part of the shareholders, the Issuer will ensure that the shareholders also participate in the general meetings using electronic communication means.

Internal control and risk management systems in relation to the process of preparing financial statements and consolidated financial statements

The Company does not have within its structure a separate unit responsible for risk management, internal audit and compliance. The tasks arising from these areas are performed directly by the Management Board and supervised by the Audit Committee. The purpose of internal audit is an independent and objective examination, evaluation and improvement of the procedures and internal control mechanisms existing in the Company and their practical perception in terms of compliance with the adopted procedures. In case of irregularities, additional audits may be conducted. The Management Board is responsible for planning the audits and reporting the results.

Detailed rules for planning and conducting internal audits will be defined in the Company's internal procedures. The Audit Committee will, if necessary, commission ad hoc audits in selected areas to external entities.

Shareholders with directly or indirectly significant shareholdings

Status as of the date of this report:

Shareholder	Number of shares	% in the share capital	Number of votes	% of votes
VENTURE FIZ	87 361	12,86%	87 361	12,86%
Krzysztof Kwiatek	73 879	10,87%	73 879	10,87%
Krzysztof Salek	73 878	10,87%	73 878	10,87%
Tomasz Soból	73 752	10,85%	73 752	10,85%
Aviva Investors Poland TFI S.A.	46 583	6,86%	46 583	6,86%
Shareholders with <5% of votes at the General Meeting of Shareholders	323 983	47,68%	323 983	47,68%
Total	679 436	100,00%	679 436	100,00%

The list of shareholders holding at least 5% of the share capital and votes at the General Meeting has been prepared on the basis of notifications received to date from the Issuer's shareholders in performance of their obligations under the Polish Act on Public Offering and the MAR Regulation.

Holders of any security that confers special control rights

The Company does not have any securities with special control rights.

Restrictions on the exercise of voting rights

Each share of the Company entitles to exercise one vote at the General Meeting. There are no restrictions as to the exercise of voting rights.

Restrictions on transfer of ownership of the Company's securities

Pursuant to the Company's Articles of Association, there are no restrictions on the transfer of ownership of the Company's securities.

At the same time, pursuant to the participation agreements entered into in connection with the 2020-2022 Incentive Scheme, the eligible persons undertake not to sell the shares acquired under the Incentive Scheme before 30 June 2024.

Rules of amending the Company's Articles of Association

The rules for amending the Company's Articles of Association are set forth in the Commercial Companies Code and the Company's Articles of Association. Amendments to the Company's Articles of Association require a resolution of the General Meeting and an entry in the register.

Proposed and completed amendments to the Articles of Association are announced to the public both by announcing the convening of the General Meeting as well as in relevant current reports published on the Company's website.

Manner of operation of the General Meeting

The General Meeting of Shareholders of the Company operates on the basis of the Commercial Companies Code and the Company's Articles of Association.

General Meetings shall be held in the Company's registered office or in another place in Warsaw. The General Meeting is convened according to the procedure and conditions specified in the Commercial Companies Code and the Company's Statute.

Pursuant to the provisions of § 17 clauses 1 and 2 of the Statute, the General Meeting is opened by the Chairman of the Supervisory Board, or in case of his absence by one of the Supervisory Board members, or in case of their absence by the President of the Management Board or a person appointed by the Management Board. Next, the Chairman of the General Meeting shall be elected from among those entitled to participate in the General Meeting.

Shareholders representing at least half of the share capital or at least half of all the votes in the Company may convene an Extraordinary General Meeting. The shareholders appoint the chairman of that meeting. A shareholder or shareholders representing at least one-twentieth of the share capital may request that an Extraordinary General Meeting of Shareholders be convened and that certain matters be placed on the agenda.

Detailed principles of conducting the meeting and adopting resolutions by the General Meeting may be defined in the Regulations of the General Meeting adopted by the General Meeting. No Regulations of the General Meeting have been adopted so far.

Voting at the General Meeting is open. Secret voting shall be ordered on elections and on motions for the dismissal of members of the Company's bodies or liquidators, for holding them liable, on personal matters and at the request of at least one shareholder present or represented at the General Meeting. Subject to the

mandatory provisions of the Commercial Companies Code and the Articles of Association, resolutions of the General Meeting shall be adopted by an absolute majority of votes.

The powers of the General Meeting result from the provisions of the Commercial Companies Code and the Company's Statute.

Shareholders' rights and how to exercise them

Pursuant to Art. 400 of the Commercial Companies Code and the Company's Articles of Association, a shareholder or shareholders representing at least one-twentieth of the share capital may request that an Extraordinary General Meeting of Shareholders be convened and that certain matters be placed on the agenda of such meeting. The request to convene an Extraordinary General Meeting shall be submitted to the Management Board in writing or in an electronic form.

A shareholder or shareholders representing at least one-twentieth of the share capital may request placing certain matters on the agenda of the nearest general meeting. The request should be submitted to the Management Board no later than fourteen days before the scheduled date of the meeting. In a public company this deadline is twenty one days. The request should include a justification or a draft resolution concerning the proposed item on the agenda. The request may be submitted in electronic form.

The right to participate in the General Meeting is vested in persons being shareholders of the Company on the Registration Day, which falls sixteen days prior to the date of the General Meeting (details of registration at the General Meeting are given each time in the announcement of the convocation). A shareholder participates in the General Meeting either in person or by proxy.

Description of the operation of the issuer's management, supervisory or administrative bodies and their committees

Management Board

Composition of the Management Board and its changes in the last financial year

The composition of the Board of Directors for the fiscal year ended December 31, 2021 and as of the date of this report is as follows:

Name	Function
Krzysztof Kwiatek	President of the Management Board
Krzysztof Sałek	Member of the Management Board
Tomasz Soból	Member of the Management Board

There has been no change in the composition of the Company's Board of Directors during 2021 and from its completion to the date of this report.

Principles of appointment and dismissal of managing persons

The Management Board of the Company consists of 1 (one) to 3 (three) members. The number of members of the Management Board is determined by the Supervisory Board. The Management Board shall be composed of the President of the Management Board, Vice President of the Management Board and Members of the Management Board.

Members of the Management Board shall be appointed and dismissed, as well as suspended, by the Supervisory Board, except that members of the first Management Board shall be appointed by the Founders. The term of office of each Member of the Management Board is 5 (five) years and each Member of the Management Board is appointed for an individual term of office. Each member of the Management Board may

be elected for the next term of office. A member of the Management Board may be dismissed or suspended by the Supervisory Board and the General Meeting.

Powers and method of operation of the Management Board

The Management Board operates in accordance with applicable laws and the Company's Articles of Association. The Management Board is obliged to manage the Company's affairs and assets and perform its duties with the diligence required in business, in accordance with resolutions of the General Meeting of Shareholders and the Supervisory Board.

According to the Company's Articles of Association, the right to call a meeting of the Management Board is vested in each member of the Management Board. Each member of the Management Board must receive written notice at least seven (7) days before the date of the meeting. In case of emergency, the President of the Management Board may order a different manner and shorter notice of the date of the meeting to be given to the members of the Management Board or order that the meeting be held outside the Company's registered office.

Detailed rules of organisation and the methods of operation of the Management Board may be specified in the Rules of Procedure of the Management Board, adopted by the Management Board and approved by the Supervisory Board. So far the Rules of the Management Board have not been adopted.

The Company's Management Board, pursuant to the powers conferred upon it under § 8.8 of the Articles of Association, shall be competent to increase the Company's share capital within the limits of the authorised capital by up to PLN 67,000.00 (sixty-seven thousand zlotys) through the issuance of up to 67,000 (sixty-seven thousand) new ordinary shares with a par value of PLN 1 (one zloty) per share (the "**Authorised Capital**"). The increase of the Company's share capital within the limits of the Authorized Capital may be effected only for the purpose of offering the shares issued within the limits of the Authorized Capital to (i) key employees and associates of the Company under an incentive plan approved in advance by the General Meeting covering a maximum of 37,000 (thirty-seven thousand) shares, and (ii) investors interested in investing in the Company selected freely by the Board of Directors from among third parties - excluding members of the Board of Directors of the Company - ("**Investors**"), provided that the number of new shares issued under the increase of the Company's share capital within the limits of the Authorised Capital for the purposes of offering them to Investors may not exceed 30. 000 (thirty thousand) shares, and the date of the Company's share capital increase within the limits of the Authorized Capital for the purposes of offering them to Investors may not be earlier than 18 (eighteen months) from the date of registration in the Register of Entrepreneurs of an amendment to the Company's Articles of Association entitling the Management Board to increase the Company's share capital within the limits of the Authorized Capital (the Management Board may adopt a resolution on such share capital increase not earlier than on 9 January 2022). Detailed rules governing such capital increase by the Management Board are set forth in Par. 8.8 and 8.9 of the Articles of Association.

Supervisory Board

Composition of the Supervisory Board and its changes in the last financial year

Composition of the Company's Supervisory Board as at 31.12.2021:

Name	Function
Michał Paziewski	Chairman of the Supervisory Board
Mirosława Cienkowska	Member of the Supervisory Board
Artur Lebedziński	Member of the Supervisory Board
Tomasz Likowski	Member of the Supervisory Board
Piotr Piskorz	Member of the Supervisory Board

The following changes in the composition of the Company's Board of Directors occurred in 2021:

- On 13 January 2021 In a current report No 1/2021 the Company informed the shareholder - Venture Fundusz Inwestycyjny Zamknięty - that, acting pursuant to § 17 section 2 of the Company's Articles of Association, as of 13 January 2021, it dismissed Mr Andrzej Knigawka from the position of a Member of the Supervisory Board and at the same time appointed Ms Mirosława Cienkowska in his place.
- In a current report No. 13/2021 the Company informed that on 24 June 2021 the Ordinary General Meeting of the Company (hereinafter referred to as "OGM") adopted a resolution No. 18 on dismissal of Mr. Ryszard Brudkiewicz from the Supervisory Board of the Company. At the same time, by Resolution No. 19, the AGM appointed Mr Artur Lebiedziński to the Supervisory Board of the Company.

Since the end of the reporting period until the date of publication of this report, the composition of the Company's Supervisory Board has not changed.

Rules of appointing and dismissing supervisors

The Supervisory Board shall exercise permanent supervision over the Company's operations in all areas of activity. It consists of 5 (five) to 7 (seven) members, including the Chairman, Vice Chairman and Members of the Supervisory Board. Members of the Supervisory Board shall be appointed and dismissed by the General Meeting, with the proviso that a shareholder - Venture Fundusz Inwestycyjny Zamknięty during the period in which it holds at least 10% of shares in the Company's share capital - shall have a personal right to appoint and dismiss one member of the Supervisory Board. The number of members of the Supervisory Board shall be determined by the General Meeting. The Chairman of the Supervisory Board shall be elected by the Supervisory Board from among its members. The term of office of members of the Supervisory Board shall be joint and shall be 5 (five) years. Each member of the Supervisory Board may be re-elected to perform this function.

Powers and methods of operation of the Supervisory Board

The functioning of the Supervisory Board of the Issuer is stipulated in Par. 18 of the Articles of Association.

According to § 19 p. 17 of the Articles of Association, detailed rules of operation of the Supervisory Board of the Company may be defined by the Rules of the Supervisory Board. The Supervisory Board has the right to adopt Regulations of the Supervisory Board, which also adopts Regulations of the Audit Committee. The Supervisory Board Bylaws adopted by way of resolution No. 12/06/2020 of the Supervisory Board dated 25 June 2020, in accordance with the provisions of the Company's Articles of Association in force as of that date, are in force at the Company.

Committees of the Supervisory Board

There is an Audit Committee operating within the Supervisory Board of the Company, appointed by a resolution of the Supervisory Board. The Company does not plan to appoint a Remuneration Committee.

Audit Committee

The Company's Supervisory Board, by Resolution No. 14/06/2020 of June 25, 2020, pursuant to § 18.10 of the Company's Articles of Association, separated from its members the Company's Audit Committee within the meaning of the Act on Statutory Auditors, Audit Firms and Public Supervision of May 11, 2017 ("AoBR").

Audit Committee Composition:

Name	Function
Mirosława Cienkowska	Chairperson of the Audit Committee
Michał Paziewski	Member of the Audit Committee
Piotr Piskorz	Member of the Audit Committee

The Audit Committee consists of:

- **Mirosława Cienkowska** – Chairperson of the Audit Committee - independent within the meaning of the Act of May 11, 2017 on Statutory Auditors, Audit Firms and Public Supervision, with knowledge and skills in accounting or auditing;
- **Michał Paziewski** – Audit Committee Member - independent within the meaning of the Act dated May 11, 2017. on Statutory Auditors, Audit Firms and Public Supervision, with knowledge and skills in the Company's industry;
- **Piotr Piskorz** – Audit Committee Member - independent within the meaning of the Act of 11 May 2017. on statutory auditors, audit firms and public supervision.

Ms Mirosława Cienkowska holds a Master's degree in Investment and Capital Strategies from Kozminski University in Warsaw. Since 2007 she has been qualified as a statutory auditor and has pursued this profession. She gained her professional experience in one of the Big Four companies. Since August 2009 professionally related to PKF Consult - initially as the President of the Management Board of PKF Accounting Sp. z o.o. (currently PKF BPO Consult Spółka z ograniczoną odpowiedzialnością Sp. k.), and currently as Partner and Director of the Centre Region in PKF Consult Spółka z ograniczoną odpowiedzialnością Sp. k., where she is responsible for operational activities of the audit and consulting department. Ms Mirosława Cienkowska has participated in numerous audits of companies and capital groups, including public companies, in due diligence processes and in advisory projects related to company accounting and reporting. She is also a lecturer on International Standards on Auditing and International Financial Reporting Standards. The above confirms Mirosława Cienkowska's knowledge and skills in accounting or auditing.

Mr Michał Paziewski has many years of experience in providing legal services to gaming industry entities, including on a permanent basis. As a consequence he has knowledge and skills regarding the industry in which the Company operates, in particular in the area of knowledge of contracts and other documents used in the gamedev industry connected with game production, the game release process, marketing, rules for employing people in the industry, contracting services, etc. In addition, Mr Michał Paziewski has been a member of the Company's Supervisory Board since November 2017, thanks to which he has acquired knowledge of the entire game production process, the principles of launching games on the market, researching market needs, marketing principles, distribution mechanisms and channels, etc., as well as, as part of his work on the Supervisory Board, he obtains information from the gamedev market on an ongoing basis, including with regard to the competitive environment or global trends.

Provision of permitted non-audit services by the audit firm auditing the Issuer's financial statements

The auditing firm auditing the Company's financial statements has evaluated the remuneration report of the Management Board and Supervisory Board from January 1, 2021 to December 31, 2021 with respect to the inclusion of the information required by the relevant regulations.

Highlights of the policy for selecting the audit firm to perform the audit and the policy for the provision of permitted non-audit services by the audit firm performing the audit, by affiliates of the audit firm and by a member of the audit firm's network

At its meeting held on April 6, 2021. The Audit Committee adopted:

- the policy of selecting an audit firm to audit the financial statements, to which the "Procedure for selecting an audit firm to audit the financial statements of Creepy Jar S.A." is attached. constituting an appendix to the Policy, hereinafter collectively referred to as the "**Audit Firm Selection Policy**", and
- the policy for the provision to the Company by the audit firm auditing the Company's financial statements, by affiliates of the audit firm and by a member of the audit firm's network (within the meaning of generally applicable regulations) of permitted non-audit services to the Company (hereinafter the "**Policy for the Provision of Permitted Non-Audit Services by the Audit Firm**";

Highlights of the "Audit Firm Selection Policy":

- the Company's financial statements for a given year are subject to statutory audit by an audit firm in accordance with the requirements of applicable laws;
- from the date of commencement of listing of the Company's shares on the regulated market of the Warsaw Stock Exchange, the interim financial statements of the Company will be subject to review by an audit firm in accordance with the requirements of applicable laws;
- in accordance with the disposition of § 20 item. 1 i) of the Company's Articles of Association, the Supervisory Board selects the auditing firm to audit the financial statements;
- the financial statements are reviewed by an auditor selected to audit the financial statements on the basis of the Policy;
- When establishing the policy for selecting the auditing firm, the Supervisory Board aims primarily at ensuring high quality of financial information addressed to the Company's stakeholders;
- the audit firm is selected on the basis of the Policy taking into account the requirements of the law, in particular the provisions of the Act on Statutory Auditors and Regulation 537/2014.
- The audit firm is selected for a period of 2 to 5 years;
- the maximum uninterrupted duration of statutory audit engagements performed by the same audit firm or an audit firm affiliated with that audit firm or any member of the network operating in the European Union countries to which those audit firms belong may not be longer than that resulting from the Law of the EU Parliament Regulation 537/2014 (currently it is 10 years);
- the duration of the engagement is counted from the first financial year covered by the audit engagement agreement in which the auditor or audit firm was first appointed to conduct consecutive and uninterrupted audits of the public interest entity;
- in accordance with the provisions of Article 130(3) of the Act on Statutory Auditors, conclusion of a subsequent audit contract with an existing audit firm selected under the Policy may be conducted under a simplified procedure;
- the selection is made taking into account the principles of impartiality and independence of the auditing firm and an analysis of the work performed by the firm within the Company, which is beyond the scope of the audit of the financial statements in order to avoid conflicts of interest. Furthermore, at each stage of the procedure for selecting an audit firm to audit and review the annual and interim financial statements, the Company controls and monitors the independence of the auditor and the audit firm.

Highlights of the "Policy for the Provision of Permitted Non-Audit Services by the Audit Firm":

- an entity authorized to audit financial statements may provide the Company with services that are not audit or review of financial statements and that do not constitute prohibited services under relevant legal regulations and only to the extent not related to the Company's tax policy, after an assessment of threats and safeguards of independence conducted by the Audit Committee and after an approval of such services by the Audit Committee;
- in the event that the statutory auditor or the audit firm provides the Issuer, its parent company or its controlled entities with non-audit services listed in Section V of the Policy on Provision of Permitted

Non-audit Services by the Audit Firm for a period of at least three consecutive financial years, the total remuneration for such services may not exceed 70% of the average remuneration paid in the last three consecutive financial years for the statutory audit(s) of the Company. The remuneration limit does not apply to services whose provision is required under the provisions of EU or national legislation. The Audit Committee monitors the audit firm's fee limits.

Recommendation to select an audit firm to perform the audit

The Audit Committee's recommendation regarding the selection of an audit firm met the applicable conditions described in the above mentioned Audit Firm Selection Policy.

The Audit Committee found it reasonable to apply a simplified procedure for selecting the audit firm referred to in point VII of the Audit Firm Selection Policy, i.e. prolonging the cooperation with the audit firm. VII of the Audit Firm Selection Policy, i.e. extending cooperation with the existing audit firm selected prior to the entry into force of the Audit Firm Selection Policy, after the Company, the Audit Committee and the Supervisory Board have conducted an analysis of the independence of the audit firm, the key statutory auditor and the audit team as well as other aspects indicated in the aforementioned document.

On May 18, 2021, the Company concluded with Grant Thornton Polska Sp. z o.o. Sp.k. an agreement for the services of auditing the separate financial statements prepared for the period from January 1, 2021 to December 31, 2021 and the period, as well as reviewing the separate interim financial statements prepared for the period from January 1, 2021 to June 30, 2021 and the period from January 1, 2022 to June 30, 2022 and preparing a report on the review.

The detailed fees of the audit firm for 2021 are presented in Note 57 of the Company's 2021 Financial Statements.

Audit committee meetings

Five Audit Committee meetings were held in 2021.



CREEPY  JAR

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