



# CI GAMES CAPITAL GROUP

**QUARTERLY FINANCIAL REPORT FOR THE PERIOD FROM 1 JANUARY TO 31 MARCH  
2022**

Warsaw, 25 May 2022

## Key financial highlights of the Group

	PLN'000	
	1Q2022	1Q2021
Net revenues	12,911	9,521
Operating profit	4,191	2,505
<i>EBIT margin (%)</i>	32.5%	26.3%
Reported EBITDA	6,277	6,296
<i>EBITDA margin (%)</i>	48.6%	66.1%
Adjusted EBITDA	6,516	6,296
<i>Adjusted EBITDA margin (%)</i>	50.5%	50.5%
Net profit	4,124	2,733
<i>Net profit margin (%)</i>	31.9%	28.7%
Weighted average no of shares (thousands)	182,943	167,754
Earnings per share (PLN/share)	0.02	0.02
Net cash flows from operating activities	12,391	6,184
Net cash flows from investing activities	(15,669)	(8,382)
Net cash flows from financing activities	(43)	(254)
<b>Total net cash flow</b>	<b>(3,321)</b>	<b>(2,452)</b>
	<b>31.03.2022</b>	<b>31.12.2021</b>
Cash and cash equivalents	34,643	37,843
Total assets	157,937	152,112
Own equity	139,577	135,109
Share capital	1,829	1,829
Debt (finance lease liability)	4,905	4,880

# TABLE OF CONTENTS

5  
5

I.

KEY FINANCIAL DATA OF CI GAMES CAPITAL GROUP

9  
9

II.

KEY INFORMATION ABOUT CI GAMES CAPITAL GROUP

13  
13

III.

BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

18  
18

IV.

NOTES TO THE FINANCIAL STATEMENTS

36  
36

V.

QUARTERLY STANDALONE FINANCIAL STATEMENT OF CI GAMES S.A.

## SELECTED CONSOLIDATED FINANCIAL INFORMATION



Profit and Loss Accounts	for the period from	for the period from
	1.01 to 31.03.2022	1.01 to 31.03.2021
	PLN'000	PLN'000
Net revenue from sales	12,911	9,521
Profit (loss) from operating activities	4,191	2,505
Gross profit (loss)	5,049	3,477
<b>Net profit (loss)</b>	<b>4,124</b>	<b>2,733</b>
Weighted average number of shares (in thousands)	182,943	182,943
Net profit (loss) per ordinary share attributable to equity owners of the Parent (PLN)	0.02	0.01

Statement of cash flow	for the period from	for the period from
	1.01 to 31.03.2022	1.01 to 31.03.2021
	PLN'000	PLN'000
Net cash flows from operating activities	12,391	6,184
Net cash flows from investing activities	(15,669)	(8,382)
Net cash flows from financing activities	(43)	(254)
<b>Net cash flows</b>	<b>(3,321)</b>	<b>(2,452)</b>

Balance sheet	as of 31.03.2022	as of 31.12.2021
	PLN'000	PLN'000
Non-current assets	103,544	90,767
Current assets	54,393	61,345
<b>Total assets</b>	<b>157,937</b>	<b>152,112</b>
Equity	139,577	135,109
Initial capital	1,829	1,829
<b>Liabilities</b>	<b>18,360</b>	<b>17,003</b>
Non-current liabilities	6,662	6,839
Current liabilities	11,698	10,164
<b>Total equity and liabilities</b>	<b>157,937</b>	<b>152,112</b>

# KEY FINANCIAL DATA OF CI GAMES CAPITAL GROUP

## CONSOLIDATED STATEMENT OF FINANCIAL CONDITIONS

ASSETS	as of 31.03.2022 PLN'000	as of 31.12.2021 PLN'000	as of 31.03.2021 PLN'001
<b>A. Non-current assets</b>	<b>103,544</b>	<b>90,767</b>	<b>71,757</b>
Property, plant and equipment	1,764	1,774	712
Intangible assets	94,800	80,959	62,886
Right-to-use asset	4,143	4,391	6,336
Long term investments	-	-	-
Deferred tax asset	2,837	3,643	1,823
Long term receivables	-	-	-
<b>B. Current assets</b>	<b>54,393</b>	<b>61,345</b>	<b>40,003</b>
Inventory	2,389	2,614	1,275
Current investments	62	61	1,007
Trade and other receivables	12,237	17,240	12,016
Tax receivables	5,062	3,587	-
Cash and cash equivalents	34,643	37,843	25,705
<b>Current assets other than assets or disposal classified as held for sales or as held for distribution to owners</b>	<b>54,393</b>	<b>61,345</b>	<b>40,003</b>
<b>Non-current assets classified as held for sale or as held for distribution to owners</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total assets</b>	<b>157,937</b>	<b>152,112</b>	<b>111,760</b>
<b>LIABILITIES &amp; EQUITY</b>	<b>as of 31.03.2022 PLN'000</b>	<b>as of 31.12.2021 PLN'000</b>	<b>as of 31.03.2021 PLN'001</b>
<b>A. EQUITY</b>	<b>139,577</b>	<b>135,109</b>	<b>99,144</b>
Share capital	1,829	1,829	1,829
Share premium	78,653	78,653	78,653
Other reserve capital	16,973	16,629	16,274
Retained earnings	40,316	36,294	2,194
including profit for the period	4,022	36,808	2,708
<b>Equity attributable to owners of the Parent</b>	<b>137,771</b>	<b>133,405</b>	<b>98,950</b>
<b>Equity attributable to non-controlling interests</b>	<b>1,806</b>	<b>1,704</b>	<b>194</b>
<b>B. LIABILITIES</b>	<b>18,360</b>	<b>17,003</b>	<b>12,616</b>
<b>Non-current liabilities</b>	<b>6,662</b>	<b>6,839</b>	<b>7,246</b>
Loans, credit and other debt instruments	-	-	-
Finance lease liabilities	3,665	3,925	5,605
Deferred income tax provision	2,997	2,914	1,641
<b>Current liabilities</b>	<b>11,698</b>	<b>10,164</b>	<b>5,370</b>
Borrowings including credits, loans and other debt instruments	5	13	1
Income tax liabilities	41	41	-
Trade liabilities and other liabilities	4,909	4,972	3,955
Finance lease liabilities	1,240	955	366
Other current provisions	5,503	4,183	1,048
<b>Current liabilities other than liabilities included in disposal groups classified as held for sale</b>	<b>11,698</b>	<b>10,164</b>	<b>5,370</b>
<b>Liabilities included in disposal groups classified as held for sale</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total equity and liabilities</b>	<b>157,937</b>	<b>152,112</b>	<b>111,760</b>

# CONSOLIDATED PROFIT AND LOSS ACCOUNT AND COMPREHENSIVE INCOME



Statement of comprehensive income	for the period from 1.01 to 31.03.2022 PLN'000	for the period from 1.01 to 31.03.2021 PLN'000
<b>Continuing operations</b>		
<b>Net revenue from sales</b>	<b>12,911</b>	<b>9,521</b>
<b>Costs of products, goods and services sold</b>	<b>(4,569)</b>	<b>(4,884)</b>
<b>Gross profit (loss) on sales</b>	<b>8,342</b>	<b>4,637</b>
Other operating revenues	19	874
Selling costs	(1,754)	(1,412)
General and administrative costs	(2,385)	(1,572)
Other operating expenses	(34)	(22)
Impairment loss/impairment gain and reversal of impairment loss	3	-
<b>Profit (loss) on operating activities</b>	<b>4,191</b>	<b>2,505</b>
Financial revenues	864	1,020
Financial expenses	(6)	(48)
<b>Profit (loss) before tax</b>	<b>5,049</b>	<b>3,477</b>
Income tax	(925)	(744)
<b>Profit (loss) on continuing operations</b>	<b>4,124</b>	<b>2,733</b>
Discontinued operations	-	-
Loss from discontinued operations	-	-
<b>Net profit (loss)</b>	<b>4,124</b>	<b>2,733</b>
- net profit (loss) attributable to equity owners of the Parent	4,022	2,708
- net profit (loss) attributable to non-controlling interest	102	25
<b>Total other comprehensive income including:</b>		
<b>Other comprehensive income that will be reclassified to profit or loss before tax</b>	<b>105</b>	<b>(132)</b>
Foreign exchange differences from translation of foreign entities	105	(132)
<b>Other comprehensive income before tax</b>	<b>105</b>	<b>(132)</b>
Income tax relating to components of other comprehensive income that will be reclassified to profit or loss	-	-
<b>Other net comprehensive income</b>	<b>105</b>	<b>(132)</b>
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>4,229</b>	<b>2,601</b>
- total net comprehensive income attributable to equity owners of the Parent	4,127	2,576
- total net comprehensive income attributable to non-controlling interest	102	25
Weighted average number of ordinary shares (thousands)	182,943	182,943
Diluted number of shares (thousands)	184,535	182,943
Basic Earnings per share attributable to equity owners of the Parent (PLN)	0.02	0.01
Diluted Earnings per share attributable to equity owners of the Parent (PLN)	0.02	0.01

**CONSOLIDATED CASH FLOW STATEMENT**  
**(indirect method)**

	for the period from 1.01 to 31.03.2022	for the period from 1.01 to 31.03.2021
	PLN'000	PLN'000
<b>Cash flows from operating activities</b>		
<b>Gross profit (loss)</b>	<b>5,049</b>	<b>3,477</b>
<b>Total adjustments</b>	<b>7,342</b>	<b>2,707</b>
Depreciation and amortisation	2,086	3,791
Impairment loss (reversal)	-	-
Profit (loss) on foreign exchange differences	(61)	47
Adjustments to finance cost /income	(1)	(6)
Profit (loss) on sales of fixed assets	-	-
Change in trade and other receivables	3,615	(1,162)
Change in inventories	207	247
Change in trade and other payables	(63)	(378)
Change in provisions	1,559	168
Other adjustments	-	-
<b>Net cash flows from operating activities</b>	<b>12,391</b>	<b>6,184</b>
Paid corporate income tax (return) related to operating activity	-	-
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES (used in the operating activity)</b>	<b>12,391</b>	<b>6,184</b>
<b>Cash flows from investing activities</b>		
Repayment of loans granted	-	-
Cash inflows on disposal of property, plant and equipment and intangible assets	-	-
Cash outflows on acquisition of property, plant and equipment and intangible assets	(15,669)	(7,816)
Cash outflows on acquisition of financial assets	-	(566)
Cash outflows on loans granted	(15,669)	(8,382)
<b>Cash flows from financing activities</b>		
Net proceeds from the issue of shares and other capital instruments	-	-
Inflows from loans	-	-
Repayment of loans	(8)	(32)
Repayment of finance lease liabilities	(33)	(208)
Interest	(2)	(14)
Other financial outflows	-	-
<b>NET CASH FLOW FROM FINANCING ACTIVITIES</b>	<b>(43)</b>	<b>(254)</b>
<b>TOTAL NET CASH FLOWS</b>	<b>(3,321)</b>	<b>(2,452)</b>
Exchange differences on cash	121	(50)
Balance sheet changes in cash and cash equivalents	(3,200)	(2,502)
<b>Cash and cash equivalents at the beginning of the period</b>	<b>37,843</b>	<b>28,207</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>34,643</b>	<b>25,705</b>

## STATEMENT OF CHANGES IN CONSOLIDATED EQUITY

For the period from 01.01. to 31.03.2022	Share capital	Share premium	Other reserve capital	Retained earnings	Equity attributable to owners of parent	Non controlling interest	Equity
PLN'000							
<b>As of 01.01.2022</b>	<b>1,829</b>	<b>78,653</b>	<b>16,629</b>	<b>36,294</b>	<b>133,405</b>	<b>1,704</b>	<b>135,109</b>
<b>As of 01.01.2022, upon conversion</b>	<b>1,829</b>	<b>78,653</b>	<b>16,629</b>	<b>36,294</b>	<b>133,405</b>	<b>1,704</b>	<b>135,109</b>
Profit (loss) for the period	-	-	-	4,022	4,022	102	4,124
Increase (decrease) as the result of other changes in equity	-	-	105	-	105	-	105
<b>Total</b>	<b>-</b>	<b>-</b>	<b>105</b>	<b>4,022</b>	<b>4,127</b>	<b>102</b>	<b>4,229</b>
Incentive program costs	-	-	239	-	239	-	239
Increase (decrease) as the result of other changes in equity	-	-	-	-	-	-	-
Issue of shares	-	-	-	-	-	-	-
<b>Changes in equity</b>	<b>-</b>	<b>-</b>	<b>344</b>	<b>4,022</b>	<b>4,366</b>	<b>102</b>	<b>4,468</b>
<b>As of 31.03.2022</b>	<b>1,829</b>	<b>78,653</b>	<b>16,973</b>	<b>40,316</b>	<b>137,771</b>	<b>1,806</b>	<b>139,577</b>

For the period from 01.01. to 31.12.2021	Share capital	Share premium	Other reserve capital	Retained earnings	Equity attributable to owners of parent	Non controlling interest	Equity
PLN'000							
<b>As of 01.01.2021</b>	<b>1,829</b>	<b>78,653</b>	<b>16,407</b>	<b>(514)</b>	<b>96,375</b>	<b>169</b>	<b>96,544</b>
<b>As of 01.01.2021, upon conversion</b>	<b>1,829</b>	<b>78,653</b>	<b>16,407</b>	<b>(514)</b>	<b>96,375</b>	<b>169</b>	<b>96,544</b>
Profit (loss) for the period	-	-	-	36,808	36,808	1,535	38,343
Increase (decrease) as the result of other changes in equity	-	-	222	-	222	-	222
<b>Total</b>	<b>-</b>	<b>-</b>	<b>222</b>	<b>36,808</b>	<b>37,030</b>	<b>1,535</b>	<b>38,565</b>
Incentive program costs	-	-	-	-	-	-	-
Increase (decrease) as the result of other changes in equity	-	-	-	-	-	-	-
Issue of shares	-	-	-	-	-	-	-
<b>Changes in equity</b>	<b>-</b>	<b>-</b>	<b>222</b>	<b>36,808</b>	<b>37,030</b>	<b>1,535</b>	<b>38,565</b>
<b>As of 31.12.2021</b>	<b>1,829</b>	<b>78,653</b>	<b>16,629</b>	<b>36,294</b>	<b>133,405</b>	<b>1,704</b>	<b>135,109</b>

For the period from 01.01. to 31.03.2021	Share capital	Share premium	Other reserve capital	Retained earnings	Equity attributable to owners of parent	Non controlling interest	Equity
PLN'000							
<b>As of 01.01.2021</b>	<b>1,829</b>	<b>78,653</b>	<b>16,407</b>	<b>(514)</b>	<b>96,375</b>	<b>169</b>	<b>96,544</b>
<b>As of 01.01.2021, upon conversion</b>	<b>1,829</b>	<b>78,653</b>	<b>16,407</b>	<b>(514)</b>	<b>96,375</b>	<b>169</b>	<b>96,544</b>
Profit (loss) for the period	-	-	-	2,708	2,708	25	2,733
Increase (decrease) as the result of other changes in equity	-	-	(133)	-	(133)	-	(133)
<b>Total</b>	<b>-</b>	<b>-</b>	<b>(133)</b>	<b>2,708</b>	<b>2,575</b>	<b>25</b>	<b>2,600</b>
Incentive program costs	-	-	-	-	-	-	-
Increase (decrease) as the result of other changes in equity	-	-	-	-	-	-	-
Issue of shares	-	-	-	-	-	-	-
<b>Changes in equity</b>	<b>-</b>	<b>-</b>	<b>(133)</b>	<b>2,708</b>	<b>2,575</b>	<b>25</b>	<b>2,600</b>
<b>As of 31.03.2021</b>	<b>1,829</b>	<b>78,653</b>	<b>16,274</b>	<b>2,194</b>	<b>98,950</b>	<b>194</b>	<b>99,144</b>



## II.

# KEY INFORMATION ABOUT CI GAMES CAPITAL GROUP

## 1. General information: name, headquarters and principal activity of CI Games

- CI Games S.A. ("the Issuer", "the Dominant Entity", "the Company") was registered on 01.06.2007 as City Interactive S.A. On 07.08.2013, at the District Court for the Capital City of Warsaw in Warsaw, 13th Commercial Division of the National Court Register which recorded the change of Company's name from the previous name to CI Games S.A. The registered office of the Company is located in Warsaw at Rondo Daszyńskiego 2B.
- The Company is entered in the Register of Entrepreneurs under the number KRS 0000282076 at the District Court for the Capital City of Warsaw in Warsaw, 12th Commercial Division. The entry was made by the District Court for the Capital City of Warsaw in Warsaw, 13th Commercial Division of the National Court Register. The court of registration of the Company is currently the District Court for the Capital City of Warsaw in Warsaw, 12th Commercial Division of the National Court Register.
- The core business activity of the Company consists of production, publishing and distribution of video games.
- Tax identification number (NIP): 1181585759.
- Statistical identification number (REGON): 017186320.
- The Company has been established for an unlimited period of time.

## 2. Structure of the Capital Group and consolidation principles

As of 31.03.2022, CI Games Capital Group ("the Group", "Capital Group CI Games") consisted of the following entities:

- CI Games S.A. with a registered office in Warsaw. Share capital: PLN 1,829,430.15. Dominant Entity. The Company is listed on the regulated market conducted by the Warsaw Stock Exchange in Warsaw S.A.
- United Label S.A. with a registered office in Warsaw. Share capital: PLN 127,500. 78.43% shares held by CI Games S.A., with the remaining shares owned by private individuals. The Company is listed on New Connect market (Alternative Trading System – ATS) conducted by the Warsaw Stock Exchange in Warsaw S.A.
- CI Games USA Inc. with a registered office in the state of Delaware, United States of America. Share capital: USD 50,000. 100% shares held by CI Games S.A.
- Business Area sp. z o.o. with a registered office in Warsaw. Share capital: PLN 5,000; 100% shares held by CI Games S.A.
- Business Area sp. z o.o. sp.j. with a registered office in Warsaw. 99.99% contribution of CI Games S.A.; the remaining 0.01% of Business Area sp. z o.o.

- CI Games S.A. sp.j. with a registered office in Warsaw. 99.99% contribution of Business Area sp. z o.o. sp.j.; the remaining 0.01% of CI Games S.A.
- CI Games UK Ltd. with a registered office in London, the United Kingdom. Share capital GBP 100; 100% shares held by CI Games S.A.
- CI Games Mediterranean Projects S.L. with a registered office in Barcelona, Spain. Share capital: EUR 3,000. 75% shares held directly by CI Games S.A.; the remaining 25% shares owned by Mclex Trust sp. z o.o. with a registered office in Warsaw.
- CI Games Bucharest Studio S.R.L. with a registered office in Bucharest, Romania. Share capital: LEI 200. 100% shares owned directly by CI Games S.A.

Subsidiaries consist of entities controlled by the dominant entity. Such relationship exists whenever the dominant entity:

- holds the authority over the entity in question;
- is exposed to or has the right to variable returns generated as a result of its involvement in the entity in question;
- has the ability to influence the amount of returns generated by the entity in question by exercising its authority over such entity.

The Dominant Entity consolidates its subsidiaries which, as long as they meet the materiality threshold – are subject to full consolidation. CI Games Bucharest S.R.L. is excluded from consolidation due to materiality level.

### 3. Composition of the governing bodies of the Parent Entity

Management Board of the Parent Entity in the first quarter of 2022:

Marek Tymiński	CEO, President of the Management Board
David Broderick	Vice President of the Management Board from 01.03.2022
Ido Hochman	Member of the Management Board from 24.01.2022 to 31.01.2022
Monika Rumianek	Member of the Management Board

Composition of the Supervisory Board of the Company in the first quarter of 2022 was as follows:

Ryszard Bartkowiak	Chairman of the Supervisory Board
Rafał Berliński	Member of the Supervisory Board
Marcin Garliński	Member of the Supervisory Board
Grzegorz Leszczyński	Member of the Supervisory Board
Adam Niewiński	Member of the Supervisory Board

## 4. The shareholding structure of the Parent Entity

The shareholding structure is determined on the basis of formal notices issued by shareholders who control at least 5% of the total number of votes at the General Meeting of Shareholders. The percentage share in the Company's share capital and in the total number of votes at the General Meeting is calculated on the basis of the most recent notices received from the Company's shareholders as of the date of publication of this report.

On 16.05.2022, the Company received from Rockbridge Towarzystwo Funduszy Inwestycyjnych S.A. with its registered office in Warsaw, acting on behalf of and for the benefit of the investment funds managed by it, with the reduction of the funds' share in the total number of votes at the general meeting of the Company below the 5% threshold and disposal of all the Company's shares. Also on 16.05.2022, the Company received a notification from the Active Ownership Fund Sicav-FIS SCS based in Luxembourg about the purchase of a total of 25,842,439 shares of the Company, which constitutes 14.13% of the total number of shares and votes at the general meeting of the Company. Detailed information on changes in the ownership structure of significant blocks of the Issuer's shares received pursuant to the applicable regulations was provided by the Company in current reports no. 10/2022 and 11/2022.

Share capital– structure	Number of shares and number of votes	% of votes in the share capital of the Company and in the total number of votes
Marek Tymiński	53,083,570	29.02%
Active Ownership Fund Sicav-FIS SCS	25,842,439	14.13%
Other shareholders	104,017,006	56.86%
Total	182,943,015	100.00%

## 5. Ownership of CI Games S.A. shares or rights to shares by persons managing and supervising the Company

Ownership of CI Games S.A. shares by members of managing and supervising bodies as of the date of publication of this report:

Person	Function	State as of 31.12.2021	State as of 25.05.2022 (report publication date)
Marek Tymiński	President of the Management Board	53,083,570	53,083,570
Monika Rumianek	Member of the Management Board	150,000	150,000
Marcin Garliński	Member of the Management Board	40,000	40,000
Rafał Berliński	Member of the Supervisory Board	66,000	66,000

Marek Tymiński, the President of the Management Board of CI Games S.A., holds 53,083,570 shares of the Parent Entity, representing 29.02% of the Issuer's share capital and 29.02% of the total number of votes at the Company's general meeting.

Monika Rumianek, a member of the Management Board of CI Games S.A., holds 150,000 shares of the Issuer, representing 0.08% of the Company's share capital and 0.08% of the total number of votes at the Company's general meeting.

Marcin Garliński, a member of the Supervisory Board of CI Games S.A. holds 40,000 shares of the Issuer, constituting 0.02% of the share capital of the Issuer and 0.02% of the total number of votes during the general meeting of the Company.

Rafał Berliński, a member of the Supervisory Board of the Company, holds 66,000 shares of the Issuer, constituting 0.04% of the total number of votes during the general meeting of the Company.

According to the best knowledge of the Company, the remaining members of the Supervisory Board hold no shares of the Company in the first quarter 2022 and as of the date of the release of this report.



# BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

III.

## 1. Statement of compliance and general principles of preparation the quarterly financial statements

The interim condensed consolidated financial statements were prepared in accordance with requirements of IAS 34 „Interim financial reporting“ approved by EU („IAS 34“) and the scope required by the Minister of Finance Regulation of March 29, 2018 on current and periodical information to be published by issuers of securities and conditions of consideration of information required by the law of non-member country's law as equal (Official Journal 2018, item 757) and present financial position of the Group and the Company as of March 31, 2022 financial results and cash flow for the 3-months period ended 31.03.2022 and 31.03.2021.

The quarterly interim financial statements do not include all the information and disclosures required by annual financial statements and therefore they should be read in conjunction with the Financial Statement of CI Games Capital Group for the period ended December 31, 2021 approved for publication on 08.04.2022.

Preparation of the consolidated financial statements in accordance with the EU IFRS requires the Management Board to make judgments, estimates and assumptions, which influence the accounting principles applied, as well as the value of assets, liabilities, revenues and expenses. The estimates and the associated assumptions are based on factors, which are considered to be reliable under the given circumstances, and their results provide a basis for judgment on balance sheet value of assets and liabilities, which is not based directly on other sources. The real value may differ from the estimated values.

The Management Board verifies the estimates and assumptions on an ongoing basis and records any changes in these in the period, in which they were made. The key judgments and estimates made by Management applied in the preparation of interim financial statements remained unchanged compared to the judgments and estimates applied in the consolidated financial statements ended December 31, 2021.

## 2. Going concern assumption

The consolidated financial statements were prepared with the assumption of going concern in the foreseeable future. The Management Board of CI Games S.A. is of opinion that the Group is able to:

- conduct its ongoing activity and settle its liabilities,
- continue production of subsequent games titles.

## 3. Functional currency and presentation currency

Data in the consolidated financial statement and notes to the financial statement have been presented in thousands of zlotys, which is the presentation currency and the functional currency.

The balance sheet data has been converted using the average rate of exchange published by the President of the National Bank of Poland as of the date of presentation of the financial statements, which, as of the balance sheet date, amounted to:

- as of 31/03/2022 - 4.6525 PLN/EUR
- as of 31/03/2021 - 4.6603 PLN/EUR

Data in the profit and loss account and the cash flow statement has been converted to EUR according to the exchange rate determined as the arithmetic mean of exchange rates published by the President of the National Bank of Poland as of the last day of each month of the year:

- for the first quarter of 2021 - 4.6472 PLN/EUR
- for the first quarter of 2020 - 4.5721 PLN/EUR

## 4. Changes in the accounting principles and comparability of data presented in the financial statements

A description of material accounting principles applied by the Issuer can be found in the financial statement for the year ended on December 31, 2021, which was made public on April 8, 2022.

In the first quarter of 2022, there was not changes in the accounting policy. There were changes in the presentation and recognition of share-based plan.

### Presentation changes

In accordance with requirements of European Securities and Markets Authority (ESMA), the Company and the Group prepared Financial Statements in line with unified European form ESEF. Consequently, some of the items of the financial statements were aggregated to be adapted to ESMA taxonomy as of 31.12.2021. Following these changes, the respective presentation changes have been applied to the financial statements for the first quarter of 2022.

#### Balance sheet of the Company and the Group:

- Line "Advances for intangible assets" were merged with line "Intangible asset other than goodwill".
- Lines "Trade receivables", "Prepayments" and "Other assets" were included in "Trade and other receivables".
- Lines "Reserve capital", "Reserve capital for purchase of own shares" and "Foreign exchange differences from translations" were aggregated in line "Other reserve capital".
- Lines "Dividend capital", "Reserve capital" were aggregated in line "Retained earnings".
- Lines "Trade liabilities", "Other liabilities" and "Deferred income" were aggregated in line "Trade and other short term liabilities".

#### Income Statement of the Company and the Group:

- Line " Impairment loss /impairment gain and reversal of impairment loss" was separated out of "Other operating income/costs".

#### Cash flow statements:

- Aggregation of "Interest" and "Commission on loans" into one category "Adjustment from finance income /costs".
- As the result of aggregation items in the balance sheet, the respective aggregations were made in the cash flow from operating activity.
- Outflows on development works were included in the line "Cash outflows on acquisition of property, plant and equipment and intangible assets".

#### Changes in equity movement tables:

- Aggregation of the items as described above in the equity of the Group.

#### **Recognition of the Motivational (share-based) plan for the years 2021-2023/2024**

IFRS 2 Share-based Payment requires an entity to recognise share-based payment transactions in its financial statements, including transactions with employees or other parties to be settled in equity instruments of the entity.

In the first quarter of 2022, the Company recognised a share-based plan in line with IFRS 2. In case of CI Games, the vesting conditions are non-market: realisation of net profit of the Group and continues of the service. Therefore the fair value of the equity instruments is not adjusted to take into consideration non-market based performance features - these are instead taken into account by adjusting the number of equity instruments included in the measurement of the share-based payment transaction, and are adjusted each period until such time as the equity instruments vest.

An estimate is made of the number of equity instruments for which the service and non-market performance conditions are expected to be satisfied. The product of this estimate – i.e. grant-date fair value per equity instrument multiplied by the number of equity instruments for which the service and non-market performance conditions are expected to be satisfied – is the estimate of the total share-based payment cost. This cost is recognized, as an expense is salaries costs, over the vesting period, with a corresponding entry in equity reserves. In the following quarters, the Company will

review the estimated number of equity instruments and realisation of non-market performance conditions.

The fair value of the warrants has been determined by an independent certified actuary by applying numerical method "Finite Difference Method".

The table below presents the plan of amortisation of the cost of equity instruments over the vesting period assuming fulfillment of non-market conditions. The vesting period of entitlements is set from 1Q 2022 (grant date) to 3Q 2023 (expected date of program's realization).

Quarter	Cumulative cost (PLN'000)	Cost in the period (PLN'000)
2022 Q1	239	239
2022 Q2	876	637
2022 Q3	1,520	644
2022 Q4	2,164	644
2023 Q1	2,794	630
2023 Q2	3,431	637
2023 Q3	4,076	644

The disclosure in the financial statements is further described in the Section IV, point 25.

## 5. New standards and interpretations

New standards, changes in the binding standards and interpretations, approved by the European Union ("EU"):

- **Amendments to IFRS 9 Financial Instruments, IAS 39 Financial Instruments: Recognition and Measurement, IFRS 7 Financial Instruments: Disclosures, IFRS 4 Insurance Contracts and IFRS 16 Leases – Interest Rate Benchmark Reform – Phase 2** (effective for annual periods beginning on or after January 1st 2021).
- **Amendments to IAS 1 "Presentation of financial statements" and IAS 8 "Accounting policies, changes in accounting estimates and errors"**. The changes pertain to the definition of materiality applicable to annual periods starting on January 1, 2023 or thereafter.
- **Amendments to IFRS 16 Leases: Covid-19-Related Rent Concessions** (effective for annual periods beginning on or after June 1st 2021);
- **IFRS 17 "Insurance contracts"** with subsequent amendments to IFRS 17. The standard is applicable to annual periods starting on January 1, 2023 or thereafter.
- **Amendments to IFRS 4 Insurance Contracts, deferral of IFRS 9 Financial Instruments** (effective for annual periods beginning on or after January 1st 2023).
- **Amendments to IFRS 3 Business Combinations, IAS 16 Property, Plant and Equipment, IAS 37 Provisions, Contingent Liabilities and Contingent Assets**, amendments to various standards as part of IFRS Annual Improvements cycle 2018–2020 (effective for annual periods beginning on or after January 1st 2022),
- Changes with regard to references to **Conceptual Framework in IFRS** (applicable to annual periods starting on January 1, 2022 or thereafter).



New standards, amendments to existing standards and interpretations which have not been endorsed by the European Union:

- **IFRS 14 "Regulatory Deferral Accounts"** – the European Commission has decided not to commence the process of approval of this provisional standard to be used within the territory of the European Union until the date of publication of the final version of the proper full standard IFRS 14.
- **Amendments to IFRS 10 "Consolidated financial statements" and IAS 28 "Investments in Associates and Joint Ventures"** – Sales or contribution of assets between an investor and their associate or joint venture and subsequent amendments (the date of entry into force of these amendments has been postponed until completion of research work on the equity method).
- **Amendments to IAS 1 "Presentation of Financial Statements"**: classification of liabilities as current or non-current and classification of liabilities as current or non-current – deferral of effective date (effective for annual periods beginning on or after January 1st 2023)
- **Amendments to IAS 12 "Income tax"** – deferred tax related to Assets and liabilities arising from a single transaction (effective for annual periods beginning on or after January 1st 2023).
- **Amendments to IFRS 17 "Insurance contracts". Initial application of IFRS 17 and IFRS 9 Financial instruments** – comparative information. The standard is applicable to annual periods starting on January 1, 2023 or thereafter.

The dates of entry into force, indicated above, are based on the content of standards announced by the Council for International Financial Reporting. The dates of entry into force of standards in the European Union may differ from dates of entry into force based on the content of the standards and are announced as the standard has been approved for application by the European Union. The Group has decided not to introduce early any of the standards, interpretations or amendments, listed above, which have been published but have not come into force. According to estimates of the Company, the standards, interpretations and amendments to standards listed above shall have no significant impact upon the financial statements of the Company and the Group.

## 6. Audit performed by statutory auditor

These quarterly consolidated and individual financial statements along with the selected components were not audited nor reviewed by an independent statutory auditor.

# IV.

## NOTES TO THE FINANCIAL STATEMENTS

### 1. Consolidated quarterly results

Profit and Loss Accounts	1Q2022	1Q2021
	PLN'000	PLN'000
Net revenue from sales	12,911	9,521
Gross profit on sales	8,342	4,637
<i>Sales margin (%)</i>	64.6%	48.7%
Profit from operating activities	4,191	2,505
<i>Operating margin (%)</i>	32.5%	26.3%
Reported EBITDA	6,277	6,296
<i>EBITDA (%)</i>	48.6%	66.1%
Gross profit (loss)	5,049	3,477
<i>Gross profit (%)</i>	39.1%	36.5%
Net profit (loss)	4,124	2,733
<i>Net margin (%)</i>	31.9%	28.7%
Adjusted EBITDA	6,516	6,296
<i>Adjusted EBITDA (%)</i>	50.5%	66.1%

In the first quarter of 2022, consolidated revenues amounted to PLN 12.9m compared to PLN 9.5m in the first quarter of 2021 – this increase is attributable to continues sales of *Sniper Ghost Warrior Contracts 2* (release was in June 2021). The sales of this game accounted for the largest share in consolidated revenue (56%) in the first quarter of 2022. The games from United Label S.A. portfolio generated 14% of consolidated revenues in this period.

An increase in Margin on sales (64.6%) by 15.9 p.p. in the first quarter of 2022 in comparison to the first quarter of 2021, is primarily attributable to higher selling prices of SGWC2 (shorter period after release date) compared to SGWC in the first quarter of 2021 (SGWC was released in November 2019).

Additionally, amortization of SGWC finished in September 2021, which had slightly higher unit amortization cost compared to SGWC 2, therefore it is a second positive factor improving profitability.

Operating profit in the first quarter of 2022 amounted to PLN 4.2m (margin of 32.5%) and was higher by PLN 1.7m compared to the respective period of 2021. This growth resulted from higher contribution of margin on sales, which partially netted off a growth in selling and G&A costs.

Reported EBITDA for both analyzed quarters was on the similar level with margin of 48.6% and 66.1% in 1Q 2022 and 1Q2021, respectively. The main reason of this change was higher amortisation in 1Q 2021 (PLN 3.8m) vs. PLN 2.1m in 1Q 2022.

In 1Q 2022 reported EBITDA was adjusted by excluding a non-cash impact of accounting for motivational plan (cost of PLN 239k).

Gross profit of PLN 5.0m in the first quarter of 2022 was decreased by a non-cash change of deferred tax (PLN 0.9m). The Group generated net profit of PLN 4.1m and net margin of 31.9%.

## **2. Description of significant achievements or failures in the first quarter of 2022 including a list of key associated events**

- On 17.08.2021, CI Games S.A. made a decision to initiate a review of strategic options for the Company. The purpose of the review of strategic options was to select the most favorable way of achieving the Company's long-term goal which is Company development based on the existing strategy of maximizing the value for current and future shareholders. In the course of the review of strategic options, the Company's Managing Board announced on the 02.03.2022 that it has appointed Joh. Berenberg, Gossler & Co. KG London Branch as the Company's Financial Adviser in relation to a potential dual listing on the London Stock Exchange.
- On 01.03.2022, Supervisory Board of the Company appointed David Broderick on the position of Vice President of the Management Board/Chief Financial Officer. David previously served as the group Chief Financial Officer at AIM Listed Keywords Studios for over three years and worked for over eight years at Europe's largest low-cost airline, Ryanair Holdings plc, as Director of Investor Relations.
- On 29.04.2022 CI Games concluded a loan agreement with PKO BP S.A. a multi-purpose loan facility in the amount up to PLN 29 mln. The loan was granted for the period from 29.04.2022 to 31.12.2023.
- CI Games S.A. announced on 17.05.2022 a tender offer to subscribe for the sale of 275,000 shares of United Label S.A. entitling to exercise 275,000 votes at the general meeting of United Label, which constitutes 21.57% of the share capital of United Label and 21.57% of the total number of votes at the general meeting of United Label. The price of United Label S.A. shares in the tender offer was set at PLN 18.02 per share.
- On 24.05.2022 sales of *Sniper Ghost Warrior Contracts 2* exceeded 1 mln of sold units.

## **3. Description of factors and events, particularly unusual, which have impact on the financial results achieved**

Between January 1st and March 31th, 2022, no extraordinary events took place, which would exert impact on the Group's financial results achieved.

The Management Board of the Company is of opinion that the announced state of COVID-19 epidemic nor the war in Ukraine do not constitute events, which would enforce adjustments to the consolidated and unconsolidated financial statements for the first quarter of 2022. The Management Board is monitoring the situation on an ongoing basis and will take all possible steps to mitigate any negative consequences for the Group related to the epidemic and the war in Ukraine.

#### **4. Explanations concerning the seasonal or cyclical nature of the Company's business**

Due to different sources of revenue and the specific nature of the video games industry, CI Games Group is characterised by variability of its revenues in the course of the financial year determined primarily by the release of new products.

The production cycle of a single game developed by the Company typically ranges from 18 to 36 months. With the simultaneous development of two games, their release dates are subject to significant, uneven cyclicity. Thus, the Company's publishing cycle, as part of which it sets the release dates of new games, is characterised by irregularity. The Company is timing the release dates of its games in order to select the most advantageous competitive environment, taking into consideration known publishing plans of competing entities so that the release generates the most measurable financial benefits.

Consequently, it is typical for game developers across the entire video games industry to record significantly higher revenues in the period directly following the release of a new game, followed by a natural decline in revenues in the following months. This obviously accounts for the effect of strong seasonality and cyclicity of business activities, well-recognized by the video games industry worldwide.

#### **5. Information about operational segments**

The basic segments of Group's activity are the production and sales of own games and publishing activity commenced in the second half of year 2018 by United Label S.A. In the years 2018-2020, the materiality levels were not met in accordance with IFRS 8, i.e. (i) revenues from the operational segment did not exceed 10% of joint revenues, including external clients and transfers between the segments, (ii) financial result of the segment, expressed in absolute values, did not account for at least 10% of sum of absolute results of all segments which posted no losses or the combined loss all operational segments which recorded losses, (iii) assets of the segment did not account for 10% or more of total assets of all operational segments; therefore the Group did not present results related to the publishing segment.

Starting from 2021, the revenues of the publishing segment related to United Label S.A., exceeded materiality level of 10% of joint revenues of publishing and remaining segments therefore the Group started to present operational segments.

The tables below present:

- CI Games Group – stands for CI Games S.A. and other companies from the Group including consolidation adjustments between these entities;
- United Label S.A. – presents publishing activity;
- Consolidated eliminations – relate to consolidated adjustments between CI Games Group and United Label S.A.

PLN'000	CI GAMES GROUP	UNITED LABEL	Consolidation eliminations	Total
<b>A. Non-current assets</b>	<b>98,227</b>	<b>5,595</b>	<b>(278)</b>	<b>103,544</b>
Property, plant and equipment	1,764	-	-	1,764
Intangible assets	89,658	5,249	(107)	94,800
Right-to-use asset	4,143	-	-	4,143
Shares in subsidiaries	100	-	(100)	-
Long term investmens	-	-	-	-
Deferred tax asset	2,562	346	(71)	2,837
Long term receivables	-	-	-	-
<b>B. Current assets</b>	<b>52,170</b>	<b>3,837</b>	<b>(1,613)</b>	<b>54,394</b>
Inventory	2,389	-	-	2,389
Current investments	62	-	-	62
Trade and other receivables	10,908	2,943	(1,613)	12,238
Tax receivables	4,774	288	-	5,062
Cash and cash equivalents	34,037	606	-	34,643
<b>Current assets other than assets or diposal classified as held for sales or as held for distribution to owners</b>	<b>52,170</b>	<b>3,837</b>	<b>(1,613)</b>	<b>54,394</b>
<b>Non-current assets classified as held for sale or as held for distribution to owners</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total assets</b>	<b>150,397</b>	<b>9,432</b>	<b>(1,891)</b>	<b>157,938</b>

PLN'000	CI GAMES GROUP	UNITED LABEL	Consolidation eliminations	Total
<b>A. EQUITY</b>	<b>132,026</b>	<b>7,759</b>	<b>(207)</b>	<b>139,578</b>
Share capital	1,829	128	(128)	1,829
Share premium	74,484	4,169	-	78,653
Other reserve capital	16,973	-	-	16,973
Retained earnings	36,962	3,462	(107)	40,317
including profit for the period	3,829	181	12	4,022
<b>Equity attributable to owners of the Parent</b>	<b>130,248</b>	<b>7,759</b>	<b>(235)</b>	<b>137,772</b>
<b>Equity attributable to non-controlling interests</b>	<b>1,778</b>	<b>-</b>	<b>28</b>	<b>1,806</b>
<b>B. LIABILITIES</b>	<b>18,371</b>	<b>1,673</b>	<b>(1,684)</b>	<b>18,360</b>
<b>Non-current liabilities</b>	<b>6,722</b>	<b>11</b>	<b>(71)</b>	<b>6,662</b>
Loans, credit and other debt instruments	-	-	-	-
Finance lease liabilities	3,665	-	-	3,665
Deferred income tax provision	3,057	11	(71)	2,997
<b>Current liabilities</b>	<b>11,649</b>	<b>1,662</b>	<b>(1,613)</b>	<b>11,698</b>
Borrowings including credits, loans and other debt instruments	5	-	-	5
Income tax liabilities	41	-	-	41
Trade liabilities and other liabilities	5,717	805	(1,613)	4,909
Finance lease liabilities	1,240	-	-	1,240
Other current provisions	4,646	857	-	5,503
<b>Current liabilities other than liabilities included in disposal groups classified as held for sale</b>	<b>11,649</b>	<b>1,662</b>	<b>(1,613)</b>	<b>11,698</b>
<b>Liabilities included in disposal groups classified as held for sale</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total equity and liabilities</b>	<b>150,397</b>	<b>9,432</b>	<b>(1,891)</b>	<b>157,938</b>

PLN'000	CI GAMES GROUP	UNITED LABEL	Consolidation eliminations	Total
<b>Continuing operations</b>				
<b>Net revenue from sales</b>	<b>11,376</b>	<b>1,741</b>	<b>(207)</b>	<b>12,910</b>
<b>Costs of products, goods and services sold</b>	<b>(3,370)</b>	<b>(1,243)</b>	<b>44</b>	<b>(4,569)</b>
<b>Gross profit (loss) on sales</b>	<b>8,006</b>	<b>498</b>	<b>(163)</b>	<b>8,341</b>
Other operating revenues	20	-	(1)	19
Selling costs	(1,692)	(236)	175	(1,753)
General and administrative costs	(2,208)	(177)	-	(2,385)
Other operating expenses	(35)	-	1	(34)
Impairment loss/impairment gain and reversal of impairment loss	3	-	-	3
<b>Profit (loss) on operating activities</b>	<b>4,094</b>	<b>85</b>	<b>12</b>	<b>4,191</b>
Financial revenues	845	19	-	864
Financial expenses	(6)	-	-	(6)
<b>Profit (loss) before tax</b>	<b>4,933</b>	<b>104</b>	<b>12</b>	<b>5,049</b>
Income tax	(1,002)	77	-	(925)
<b>Profit (loss) on continuing operations</b>	<b>3,931</b>	<b>181</b>	<b>12</b>	<b>4,124</b>
Discontinued operations	-	-	-	-
Loss from discontinued operations	-	-	-	-
<b>Net profit (loss)</b>	<b>3,931</b>	<b>181</b>	<b>12</b>	<b>4,124</b>
- net profit (loss) attributable to equity owners of the Parent	3,829	181	12	4,022
- net profit (loss) attributable to non-controlling interes	102	-	-	102

As of 31.12.2021

PLN'000	CI GAMES GROUP	UNITED LABEL	Consolidation eliminations	Total
<b>A. Non-current assets</b>	<b>85,605</b>	<b>5,471</b>	<b>(309)</b>	<b>90,767</b>
Property, plant and equipment	1,774	-	-	1,774
Intangible assets	75,844	5,234	(119)	80,959
Right-to-use asset	4,391	-	-	4,391
Shares in subsidiaries	100	-	(100)	-
Long term investmens	-	-	-	-
Deferred tax asset	3,496	237	(90)	3,643
Long term receivables	-	-	-	-
<b>B. Current assets</b>	<b>59,101</b>	<b>3,893</b>	<b>(1,649)</b>	<b>61,345</b>
Inventory	2,614	-	-	2,614
Current investments	61	-	-	61
Trade and other receivables	15,331	3,558	(1,649)	17,240
Tax receivables	3,277	310	-	3,587
Cash and cash equivalents	37,818	25	-	37,843
<b>Current assets other than assets or diposal classified as held for sales or as held for distribution to owners</b>	<b>59,101</b>	<b>3,893</b>	<b>(1,649)</b>	<b>61,345</b>
<b>Non-current assets classified as held for sale or as held for distribution to owners</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total assets</b>	<b>144,706</b>	<b>9,364</b>	<b>(1,958)</b>	<b>152,112</b>

PLN'000	CI GAMES GROUP	UNITED LABEL	Consolidation eliminations	Total
<b>A. EQUITY</b>	<b>127,750</b>	<b>7,578</b>	<b>(219)</b>	<b>135,109</b>
Share capital	1,829	128	(128)	1,829
Share premium	74,484	4,169	-	78,653
Other reserve capital	16,629	-	-	16,629
Retained earnings	33,132	3,281	(119)	36,294
including profit for the period	32,333	4,493	(18)	36,808
<b>Equity attributable to owners of the Parent</b>	<b>126,074</b>	<b>7,578</b>	<b>(247)</b>	<b>133,405</b>
<b>Equity attributable to non-controlling interests</b>	<b>1,676</b>	<b>-</b>	<b>28</b>	<b>1,704</b>
<b>B. LIABILITIES</b>	<b>16,956</b>	<b>1,786</b>	<b>(1,739)</b>	<b>17,003</b>
<b>Non-current liabilities</b>	<b>6,927</b>	<b>2</b>	<b>(90)</b>	<b>6,839</b>
Loans, credit and other debt instruments	-	-	-	-
Finance lease liabilities	3,925	-	-	3,925
Deferred income tax provision	3,002	2	(90)	2,914
<b>Current liabilities</b>	<b>10,029</b>	<b>1,784</b>	<b>(1,649)</b>	<b>10,164</b>
Borrowings including credits, loans and other debt instruments	13	-	-	13
Income tax liabilities	41	-	-	41
Trade liabilities and other liabilities	5,368	1,253	(1,649)	4,972
Finance lease liabilities	955	-	-	955
Other current provisions	3,652	531	-	4,183
<b>Current liabilities other than liabilities included in disposal groups classified as held for sale</b>	<b>10,029</b>	<b>1,784</b>	<b>(1,649)</b>	<b>10,164</b>
<b>Liabilities included in disposal groups classified</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total equity and liabilities</b>	<b>144,706</b>	<b>9,364</b>	<b>(1,958)</b>	<b>152,112</b>

2021

PLN'000	CI GAMES GROUP	UNITED LABEL	Consolidation eliminations	Total
<b>Continuing operations</b>				
<b>Net revenue from sales</b>	<b>96,272</b>	<b>10,856</b>	<b>(1,600)</b>	<b>105,528</b>
<b>Costs of products, goods and services sold</b>	<b>(38,630)</b>	<b>(2,340)</b>	<b>1,368</b>	<b>(39,602)</b>
<b>Gross profit (loss) on sales</b>	<b>57,642</b>	<b>8,516</b>	<b>(232)</b>	<b>65,926</b>
Other operating revenues	1,247	-	(8)	1,239
Selling costs	(14,414)	(2,164)	228	(16,350)
General and administrative costs	(7,088)	(645)	-	(7,733)
Other operating expenses	(2,841)	-	31	(2,810)
Impairment loss/impairment gain and reversal of impairment loss	(5)	-	-	(5)
<b>Profit (loss) on operating activities</b>	<b>34,541</b>	<b>5,707</b>	<b>19</b>	<b>40,267</b>
Financial revenues	2,873	-	(90)	2,783
Financial expenses	(190)	(94)	53	(231)
<b>Profit (loss) before tax</b>	<b>37,224</b>	<b>5,613</b>	<b>(18)</b>	<b>42,819</b>
Income tax	(3,356)	(1,120)	-	(4,476)
<b>Profit (loss) on continuing operations</b>	<b>33,868</b>	<b>4,493</b>	<b>(18)</b>	<b>38,343</b>
Discontinued operations	-	-	-	-
Loss from discontinued operations	-	-	-	-
<b>Net profit (loss)</b>	<b>33,868</b>	<b>4,493</b>	<b>(18)</b>	<b>38,343</b>
- net profit (loss) attributable to equity owners of the Parent	32,333	4,493	(18)	36,808
- net profit (loss) attributable to non-controlling interest	1,535	-	-	1,535

As of 31.03.2021

PLN'000	CI GAMES GROUP	UNITED LABEL	Consolidation eliminations	Total
<b>A. Non-current assets</b>	<b>71,144</b>	<b>4,704</b>	<b>(4,091)</b>	<b>71,757</b>
Property, plant and equipment	712	-	-	712
Intangible assets	58,548	4,450	(112)	62,886
Right-to-use asset	6,336	-	-	6,336
Shares in subsidiaries	100	-	(100)	-
Long term investmens	3,879	-	(3,879)	-
Deferred tax asset	1,569	254	-	1,823
Long term receivables	-	-	-	-
<b>B. Current assets</b>	<b>37,562</b>	<b>2,633</b>	<b>(192)</b>	<b>40,003</b>
Inventory	1,275	-	-	1,275
Current investments	1,007	-	-	1,007
Trade and other receivables	11,884	324	(192)	12,016
Tax receivables	-	-	-	-
Cash and cash equivalentents	23,396	2,309	-	25,705
<b>Current assets other than assets or diposal classified as held for sales or as held for distribution to owners</b>	<b>37,562</b>	<b>2,633</b>	<b>(192)</b>	<b>40,003</b>
<b>Non-current assets classified as held for sale or as held for distribution to owners</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total assets</b>	<b>108,706</b>	<b>7,337</b>	<b>(4,283)</b>	<b>111,760</b>

PLN'000	CI GAMES GROUP	UNITED LABEL	Consolidation eliminations	Total
<b>A. EQUITY</b>	<b>96,157</b>	<b>3,199</b>	<b>(212)</b>	<b>99,144</b>
Share capital	1,829	128	(128)	1,829
Share premium	74,484	4,169	-	78,653
Other reserve capital	16,274	-	-	16,274
Retained earnings	3,404	(1,098)	(112)	2,194
including profit for the period	2,605	114	(11)	2,708
<b>Equity attributable to owners of the Parent</b>	<b>95,991</b>	<b>3,199</b>	<b>(240)</b>	<b>98,950</b>
<b>Equity attributable to non-controlling interests</b>	<b>166</b>	<b>-</b>	<b>28</b>	<b>194</b>
<b>B. LIABILITIES</b>	<b>12,549</b>	<b>4,138</b>	<b>(4,071)</b>	<b>12,616</b>
<b>Non-current liabilities</b>	<b>7,246</b>	<b>3,879</b>	<b>(3,879)</b>	<b>7,246</b>
Loans, credit and other debt instruments	-	3,879	(3,879)	-
Finance lease liabilities	5,605	-	-	5,605
Deferred income tax provision	1,641	-	-	1,641
<b>Current liabilities</b>	<b>5,303</b>	<b>259</b>	<b>(192)</b>	<b>5,370</b>
Borrowings including credits, loans and other debt instruments	1	-	-	1
Income tax liabilities	-	-	-	-
Trade liabilities and other liabilities	3,892	255	(192)	3,955
Finance lease liabilities	366	-	-	366
Other current provisions	1,044	4	-	1,048
<b>Current liabilities other than liabilities included in disposal groups classified as held for sale</b>	<b>5,303</b>	<b>259</b>	<b>(192)</b>	<b>5,370</b>
<b>Liabilities included in disposal groups classified</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total equity and liabilities</b>	<b>108,706</b>	<b>7,337</b>	<b>(4,283)</b>	<b>111,760</b>



1Q 2021

PLN'000	CI GAMES GROUP	UNITED LABEL	Consolidation eliminations	Total
<b>Continuing operations</b>				
<b>Net revenue from sales</b>	<b>9,099</b>	<b>422</b>	<b>-</b>	<b>9,521</b>
<b>Costs of products, goods and services sold</b>	<b>(4,804)</b>	<b>(82)</b>	<b>2</b>	<b>(4,884)</b>
<b>Gross profit (loss) on sales</b>	<b>4,295</b>	<b>340</b>	<b>2</b>	<b>4,637</b>
Other operating revenues	875	-	-	875
Selling costs	(1,332)	(80)	-	(1,412)
General and administrative costs	(1,470)	(103)	1	(1,572)
Other operating expenses	(22)	-	-	(22)
Impairment loss/impairment gain and reversal of impairment loss	-	-	-	-
<b>Profit (loss) on operating activities</b>	<b>2,346</b>	<b>157</b>	<b>3</b>	<b>2,506</b>
Financial revenues	1,046	-	(24)	1,022
Financial expenses	(48)	(13)	-	(61)
<b>Profit (loss) before tax</b>	<b>3,344</b>	<b>144</b>	<b>11</b>	<b>3,467</b>
Income tax	(714)	(30)	-	(744)
<b>Profit (loss) on continuing operations</b>	<b>2,630</b>	<b>114</b>	<b>11</b>	<b>2,723</b>
Discontinued operations	-	-	-	-
Loss from discontinued operations	-	-	-	-
<b>Net profit (loss)</b>	<b>2,630</b>	<b>114</b>	<b>11</b>	<b>2,723</b>
- net profit (loss) attributable to equity owners of the Parent	2,605	114	(11)	2,708
- net profit (loss) attributable to non-controlling interest	25	-	-	25

## 6. Information concerning the amount and type of items influencing the assets, liabilities, equity, net result or cash flows, which are unusual due to their nature, value or frequency

As of the date of this report, no amounts were recorded, which would be unusual due to their nature, value or frequency.

## 7. Information on inventory impairment losses on inventories to bring the value of inventory to their recoverable net value and reversal of such losses

As of 31.03.2022 there was no impairment on inventory.

## 8. Information on impairment losses on financial assets, property, plant and equipment, intangible assets and other assets and reversal of such losses

As of 31.03.2022, the impairment loss on receivables amounted to PLN 256 thousand (decreased by PLN 4 thousand compared to the balance as of 31.12.2021).

As of 31.03.2022, there were no impairment losses on financial assets, property, plant and equipment, intangible assets and no reversals of such write-offs.

## 9. Financial instruments

As of 31.03.2022, the Group did not enter into forward transactions. The forward transactions were closed in January and February 2022.

## 10. Information about changes in the provisions

MOVEMENTS IN PROVISIONS	Unused holidays provision	Other provisions
	PLN'000	PLN'000
<b>Balance as of 01.01.2022</b>	174	4,010
Creation of the provision	120	1,441
Utilisation of the provision	53	189
Release of the provision	-	-
<b>Balance as of 31.03.2022</b>	<b>241</b>	<b>5,262</b>

## 11. Income Tax

Income tax charges on the financial result consist of current tax and deferred tax (non-cash item):

- A current tax charge is calculated on the basis of the tax result (taxation basis) for a given financial year. Tax profit (loss) differs from net accounting profit (loss) due to exclusion of revenues subject to taxation and expenses constituting costs of earning profit in the subsequent years and those revenue and expense items, which will never be subject to taxation. Tax charges are calculated on the basis of tax rates applicable in a given financial year. As of 31.03.2022 the current tax CIT amounted to PLN 23 thousand – its low level is connected with utilization of tax losses in United Label S.A. and CI Games S.A.
- Deferred tax is calculated using the balance sheet method as tax to be paid or returned in the future on differences between the balance sheet value of assets and liabilities and the corresponding tax values used for calculation of taxation basis.

INCOME TAX	for the period from	for the period from
	1.01 to 31.03.2022	1.01 to 31.03.2021
	PLN'000	PLN'000
<b>Gross profit (loss)</b>	<b>5,049</b>	<b>3,477</b>
Current income tax	(23)	-
Change of estimates	(13)	-
Deferred tax:	(889)	(744)
Decrease/increase in the deferred tax asset	(806)	(1,408)
Decrease/increase the provision for deferred tax	(83)	664
Total income tax	(925)	(744)
<b>Net profit (loss)</b>	<b>4,124</b>	<b>2,733</b>

As of 31.03.2022 deferred tax of PLN 889 thousand comprised of the following items:

- reduction (in the period from 01.01.2022 to 31.03.2022) of the deferred tax asset balance by the amount of PLN 806 thousand mainly due to utilization of tax losses from previous years and non taxable provisions for costs; and
- increase (in the period from 01.01.2022 to 31.03.2022) of the deferred tax provision balance by the amount of PLN 83 thousand, resulting mainly from positive foreign exchange differences, which netted off decreasing difference between the tax and book value of development works.

Calculation of deferred tax assets and liabilities has been presented in the following point below.

## 12. Deferred tax asset and liability

Deferred tax assets are determined in the amount to be deducted in the future from income tax amount as a result of temporary exchange losses, which result in reduction of the income tax base in the future. The balance sheet value of the deferred income tax asset is verified on each balance sheet date and subject to writing off, if economic benefits to be achieved by the Company due to utilization of deferred tax assets are doubtful.

The deferred income tax provision is established on the basis of temporary exchange gains between the tax value of assets and liabilities and their balance sheet value in the financial statements.

DEFERRED TAX	as of 31.03.2022 PLN'000	as of 31.12.2021 PLN'000	as of 31.03.2021 PLN'000
<b>Deferred tax assets</b>			
<b>Opening value</b>	<b>3,643</b>	<b>3,229</b>	<b>4,541</b>
<b>Including assets compared to the financial result</b>	<b>(3,643)</b>	<b>(3,229)</b>	<b>(4,541)</b>
<b>Increases recognised in financial result</b>	<b>2,837</b>	<b>3,643</b>	<b>1,823</b>
Cost provision	981	735	139
Receivables valuation allowances	-	-	48
Provision for returns	278	292	46
Inventory impairment	-	-	-
Exchange differences	63	61	7
Tax losses	1,331	2,434	1,541
Difference between the balance-sheet and tax value	139	121	16
Equity instruments valuation	45	-	26
<b>Decreases compared to the financial result</b>	<b>(3,643)</b>	<b>(3,229)</b>	<b>(4,541)</b>
<b>Closing value</b>	<b>2,837</b>	<b>3,643</b>	<b>1,823</b>
<b>Deferred tax provisions</b>			
<b>Opening value</b>	<b>2,914</b>	<b>2,306</b>	<b>5,549</b>
<b>Including assets compared to the financial result</b>	<b>(2,914)</b>	<b>(2,306)</b>	<b>(5,549)</b>
<b>Increases compared to the financial result</b>	<b>2,997</b>	<b>2,914</b>	<b>1,641</b>
Provision for returns	-	-	-
Provision for revenues	163	-	-
Exchange differences	499	317	99
Difference between the balance-sheet and tax value of tangible fixed assets	2,335	2,597	1,542
<b>Decreases compared to the result</b>	<b>(2,914)</b>	<b>(2,306)</b>	<b>(5,549)</b>
<b>Closing value</b>	<b>2,997</b>	<b>2,914</b>	<b>1,641</b>

## 13. Share capital of Dominant entity

As of 31.03.2022, share capital comprised of nine series of shares issued at the following terms:

SHARE SERIES	NOMINAL VALUE (PLN)	NOMINAL VALUE (PLN)	REGISTRATION
A - ordinary bearer / paid	100,000,000	1,000	01.06.2007
B - ordinary bearer / paid	400,000	4	10.08.2008
C - ordinary bearer / paid	25,000,000	250	17.12.2008
D - ordinary bearer / paid	1,100,000	11	09.10.2009
E - ordinary bearer / paid	12,649,990	126	09.01.2014
G - ordinary bearer / paid	11,000,000	110	06.12.2016
F - ordinary bearer / paid	960,000	10	30.11.2017
H - ordinary bearer / paid	10,833,025	108	09.08.2019
I - ordinary bearer / paid	21,000,000	210	21.09.2020
<b>TOTAL</b>	<b>182,943,015</b>	<b>1,829</b>	

## 14. Share premium account of the Dominant entity

SHARE SERIES	NUMBER	SURPLUS
B - ordinary bearer / paid	400,000	36
C - ordinary bearer / paid	25,000,000	22,250
D - ordinary bearer / paid	1,100,000	99
E - ordinary bearer / paid	12,649,990	11,259
G - ordinary bearer / paid	11,000,000	24,860
F - ordinary bearer / paid	960,000	663
H - ordinary bearer / paid	10,833,025	9,641
I - ordinary bearer / paid	21,000,000	24,990
<b>TOTAL</b>	<b>82,943,015</b>	<b>93,798</b>
Decrease due to costs of issue of series C		(1,829)
Decrease due to costs of issue of series E		(285)
Transfer to reserve capital		(16,000)
Decrease due to costs of issue of series G		(416)
Decrease due to costs of issue of series F		(49)
Decrease due to costs of issue of series H		(470)
Decrease due to costs of issue of series I		(265)
<b>As of 31.03.2022</b>		<b>74,484</b>

## 15. Information on material transactions to purchase or sell tangible assets

In the first quarter of 2022, there were no material transactions involving the purchase or sale of tangible assets.

## 16. Information on significant liabilities related to the purchase of tangible assets

As of the date of publishing this report, there were no significant liabilities related to the purchase of tangible assets.

## 17. Information on significant settlements due to court cases

In the first quarter of 2022, there were no significant settlements due to court cases.

## 18. Information on the failure to repay credits or loans or breaches of significant terms and conditions of any loan or credit agreements with regard to which no remedial action had been taken until the end of the reporting period

The Group did not have any bank loans as of 31.03.2022. After the balance sheet date, CI Games S.A. signed a bank loan agreement with PKO BP S.A. further described in the Section IV, point 21.

## **19. Information on changes in the classification of financial assets as a result of a change of the purpose or use of these assets**

In the first quarter of 2022, no changes took place in classification of financial assets due to a change in the purpose or use of these assets.

## **20. Information on significant settlements due to court cases**

As of the date of publication of this report, the Management Board of the Issuer has no information on any pending proceedings involving the Parent Entity or its subsidiaries, the value of which would (jointly or individually) represent at least 10% of equity of the Parent Entity.

In the Annual Report published on 27.03.2020, the Company has disclosed the initiation of court proceedings on October 17, 2019 against EP Retail sp. z o.o., EP Office 2 sp. z o.o., EP Office 1 sp. z o.o. and EP Apartments sp. z o.o. CI Games S.A. filed a suit at the District Court in Warsaw against these entities due to the unlawful drawing of funds from a bank guarantee, overpaid operating costs and overpaid rent. The total value of the object of litigation is PLN 885 thousands. As of the report publication date, the case remains pending.

## **21. Information on changes in conditional liabilities or conditional assets that took place since the end of the financial year**

As of the date of publishing this report, the Company signed a loan agreement with PKO BP S.A. In accordance with this agreement, the utilization of the loan is subject to collaterals as below:

- the guarantee issued by Bank Gospodarstwa Krajowego up to PLN 23.2 mln and a blank promissory note issued for the benefit of Bank Gospodarstwa Krajowego;
- a notarized declaration of submission to enforcement up to PLN 49.3mln in accordance with art. 777 §1, point 5 of Commercial Civil Code.

As of the date of this report, the above mentioned collaterals were not established.

## **22. Information on credit or loan sureties or warranties made by the Issuer or by any of its subsidiaries – in total, to a single entity or a subsidiary of this entity, if the total value of the existing sureties or warranties represents the equivalent of at least 10% of Company's equity**

In the first quarter of 2022, neither the Company nor any of its subsidiaries granted any loans or credit sureties or warranties for the amount equivalent to at least 10% of the Company's equity.

## **23. Information on issue, redemption and repayment of non-equity and equity securities**

In the first quarter of 2022, as well as until the date of publication of this report, no issue, redemption or repayment of non-equity and equity securities took place.

## 24. Information on contracts known to the Issuer, which may result in future changes in proportions of shares held by the existing stockholders and bondholders

In the point 25 below, there is a description of the motivational program based on shares series J executed as series C subscription warrants. As the result of the implementation of this program, the proportion of the shareholding structure owned by current shareholders may change.

## 25. Information on employee share plan control system

On 22.06.2021, Ordinary General Meeting of the Company adopted resolution no. 19/1/2021 on the establishment of an incentive program addressed to key employees and contractors of CI Games Group, including Members of the Managing Board of CI Games S.A.

Pursuant to this resolution the Company and CI Games Group have adopted a new incentive program based on series J shares. Execution of this program is dependent on CI Games Group financial results, i.e. achievement by the Company and by CI Games Group of one of the following two specific targets, depending on whichever is reached first:

- i) combined net profit of CI Games Group in the fiscal years 2021-2022 totaling PLN 40,000,000 (forty million zloty)
- ii) combined net profit of CI Games Group in fiscal years 2021-2023 totaling PLN 65,000,000 (sixty five million zloty).

In the event one of these targets is achieved, entitled persons will be granted a total of no more than 13,720,726 (thirteen million seven hundred and twenty thousand seven hundred and twenty six) series C subscription warrants with the right to take up 13,720,726 (thirteen million seven hundred and twenty thousand seven hundred and twenty six) ordinary series J bearer shares. However, in the event where one of these targets is exceeded by every additional and consecutive PLN 5,000,000 (five million zloty), the number of warrants granted in connection with the execution of the related goal of the program will be increased by 0.5 percentage points, with the provision that such number may not exceed 7.5% of the total number of Company's shares upon the date of adoption of its incentive program, i.e. 22.06.2021. As a result of the execution of this incentive program, entitled persons serving as the Company's Management Board Members may be granted no more than 50% of the warrants, of which a maximum of 30% of all warrants may be granted to the Company's President of the Management Board/Chief Executive Officer.

The Company's Managing Board designated persons, who participate in the incentive program and with respect to Members of the Issuer's Managing Board, such persons were designated by the Company's Supervisory Board. Shares issued as part of the incentive program will be taken up by entitled program participants upon execution of rights arising from subscription warrants series C. Subscription warrants will be taken up free of charge while J series shares will be taken up at an issuing price of PLN 1.26 per share. The issuing price has been set up as weighted average of the shares' price on the regulated market, on which the shares of the Company has been quoted in the first quarter of 2021 decreased by 10% i.e. PLN 1.26. Regulations of this incentive program were adopted by the Company's Ordinary General Meeting with the resolution no. 19/1/2021 dated 22.06.2021.

Pursuant to resolution no. 20/1/2021 of the Ordinary General Meeting of the Company dated 22.06.2021, the Company will issue series C subscription warrants which will entitle their holders to take up series J shares (at a rate of one warrant per one share), excluding in their entirety subscription rights

of the Company's shareholders. Furthermore, pursuant to that resolution, it was adopted to conditionally raise the Company's initial capital for the purpose of the above incentive program. The Company's conditional initial capital totals PLN 137,207.26 (one hundred thirty seven thousand two hundred and seven zloty and twenty six grosze). Upon issuance and after being taken up by entitled persons, series J shares will be admitted into trading on a regulated market managed by the Warsaw Stock Exchange.

According to regulations of the incentive program, series J shares will be subject to a partial lockup so that (i) within 30 (thirty) days of taking up series J shares, each participant of the program will be able to dispose of no more than  $\frac{1}{3}$  of the shares taken up; (ii) over the next 30 (thirty) days from the end of the period referred to in letter i) above, each program participant will be able to dispose of the remaining shares, however, such number will not exceed  $\frac{1}{3}$  of the shares taken up by such person; (iii) over the next 30 (thirty) day period from the end of the period referred to in letter ii) above, program participant will be able to dispose of the remaining shares if part of the shares were already disposed of by the deadlines referred to above, or dispose of all shares taken up by such person unless part of the shares was disposed of within the deadlines indicated above.

The incentive program referred to above was adopted for the years 2021–2024.

The accounting policy related to recognition of this share-based plan is described in Section III, point 5.

In the first quarter of 2022, the Company concluded agreements for participation in the motivational program with selected persons by the Board and with Board members designed by the Supervisory Board. As of 31.03.2022 6,555,000 entitlements have been granted under this program and its recognition on the financial statement was as follows:

Share-based program	01.01.2022- 31.03.2022
	PLN'000
Costs of products sold	78
Selling costs	65
General and administration costs	96
<b>Operating costs</b>	<b>239</b>
	as of 31.03.2022
<b>Reserve capital - cost of incentive program</b>	<b>239</b>

## **26. Contracts concluded between the Issuer and managing persons, providing for a compensation in the case of their resignation or dismissal without a material reason or if their withdrawal or dismissal results from merger of the Issuer by acquisition**

In the first quarter of 2022, the Issuer concluded no contracts with managing persons, providing for a compensation for such persons in the case of their resignation or dismissal due to any reason.

## 27. Note on the impact of changes in the structure of the business entity, including as a result of merger of business entities, takeover or sale of entities which are part of the group, long-term investment, demerger, restructuring and cessation of operations

In the first quarter of year 2022, the structure of the CI Games Capital Group did not change.

On 17.05.2022 the CI Games S.A. announced a tender offer to subscribe for the sale of 275,000 shares of United Label S.A. entitling to exercise 275,000 votes at the general meeting of United Label, which constitutes 21.57% of the share capital of United Label and 21.57% of the total number of votes at the general meeting of United Label. The Company holds 1,000,000 S.A. United Label shares entitling to exercise 1,000,000 votes at the United Label S.A. general meeting, which constitutes 78.43% of the United Label S.A. share capital and 78.43% of the total number of votes at the United Label S.A. general meeting. The tender offer is announced pursuant to Art. 91 Section 5 of the Act of 29th July 2005 on Public Offering, Conditions Governing the Introduction of Financial Instruments to Organized Trading, and Public Companies "Act". The price of United Label shares in the tender offer was set at PLN 18.02 per share.

The intention of CI Games is to withdraw the shares of United Label S.A. from trading on NewConnect. For this purpose, after the end of the tender offer, the Company plans to procure the adoption of a resolution at the general meeting to withdraw the shares of United Label S.A. from trading on NewConnect, and then apply to the Polish Financial Supervision Authority for a relevant permit. In addition, after the tender offer, depending on its results, CI Games will consider a compulsory buyout (squeeze out) of United Label S.A. shares. on the terms set out in Art. 82 of the Act.

## 28. Information on one or many transactions entered into by the Issuer or any of their subsidiaries with related entities, if these are significant individually or jointly and were concluded on non-market conditions, indicating their value

In the reporting period, neither the Parent Entity nor any of its subsidiaries entered into transactions on non-market or unusual terms and conditions or on conditions that would go beyond the ordinary course of operations of the enterprise with its related entities.

## 29. Transactions with related parties

In the first quarter of the 2021, transactions were executed with related entities on the basis of market conditions, and in the opinion of the Management Board of the Company, they were typical and routine-based transactions.

Transactions for the period from 01.01. to 31.03.2022 and balances as of 31.03.2022					
Entity	COSTS*	REVENUES	RECEIVABLES	LOAN (RECEIVABLES)	LIABILITIES
	PLN thousand	PLN thousand	PLN thousand	PLN thousand	PLN thousand
CI Games USA Inc.	-	839	23,962	-	4,250
Business Area Sp. z o.o.	-	-	-	-	-
Business Area Sp. z o.o. Sp.J.	-	(169)	-	-	1,030
CI Games S.A. Sp. J.	-	-	-	-	191
United Label S.A.	1,342	176	90	-	1,523
CI Games UK Limited	1,310	-	2,256	-	-
CI Games BUCHAREST STUDIO SRL	69	-	-	62	34
CI Games Mediterranean Projects	8,303	37	-	4,172	5,998
<b>TOTAL</b>	<b>11,024</b>	<b>882</b>	<b>26,309</b>	<b>4,234</b>	<b>13,026</b>

\*including capitalised costs



Transactions of the Parent Company with entities related personally to Mr. Marek Tymiński – the majority shareholder of CI Games S.A., who exerts direct or indirect control over the following entities:

Transactions for the period from 01.01. to 31.03.2022 and balances as of 31.03.2022				
Entity	COSTS PLN thousand	REVENUES PLN thousand	RECEIVABLES PLN thousand	LIABILITIES PLN thousand
Fine Dining Sp. z o.o.	1	-	166	-
<b>TOTAL</b>	<b>1</b>	<b>-</b>	<b>166</b>	<b>-</b>

Transactions of the Issuer with entities related personally to Management Board and Members of the Supervisory Board of the Parent Entity:

Transactions for the period from 01.01. to 31.03.2022 and balances as of 31.03.2022				
Entity	COSTS PLN thousand	REVENUES PLN thousand	RECEIVABLES PLN thousand	LIABILITIES PLN thousand
Marek Tymiński	15	-	-	-
Niewińska Katarzyna	8	-	-	2
<b>TOTAL</b>	<b>23</b>	<b>-</b>	<b>-</b>	<b>2</b>

### **30. Information or paid (or declared) dividends, in total and per share, divided by ordinary and preferred shares**

In the first quarter of 2022, the Parent Entity neither paid nor declared dividend payment.

The Ordinary General Meeting of Shareholders dated 22.06.2021 passed a resolution to allocate profit earned in 2020 in the amount of PLN 6,069,537.74 in the following way: amount of PLN 1,636,627.42 towards the loss in the previous years and remaining amount to be allocated to supplementary capital.

Recommendations for net profit distribution for 2021: The Management Board of CI Games recommends to transfer net profit from 2021 in the full amount of PLN 33,320,157.52 on the supplementary capital of the Company.

### **31. Other information, which, in the opinion of the Management Board of the Company, is material for the assessment of its employment, assets, financial situation, financial result and any changes to the above and information which is significant for the assessment of the Company's to fulfil its obligations in the reporting period**

In the first quarter of the year 2022, no events occurred, which would exert a negative impact on assessment of capability of the Parent Entity and the Capital Group to settle their liabilities. The Groups plans to finance games' production from operating activity and a loan facility.

### **32. Opinion of the Management Board of the Company with regard to capability of achieving the forecast results for the financial year, in the context of results presented in the quarterly report in relation to the forecast results**

The Management Board has not published forecasts of the financial results of CI Games Capital Group nor CI Games S.A. in 2022.

### **33. Events and factors that occurred after the date of the three-month financial statements not included in this report, which could nonetheless exert material impact on the Company's future financial results**

- On 29.04.2022 CI Games S.A. signed a loan agreement with PKO BP S.A. A. a multi-purpose loan facility in the amount up to PLN 29 mln. The loan was granted for the period from 29.04.2022 to 31.12.2023. The loan can be drawn in EUR or/and PLN depending on the Company's disposal. The interest on the loan is set up at WIBOR 1M for loan in PLN and EURIBOR 1M for loan in EUR increased by the bank's margin. Collateral was described in Section IV, point 21.
- The tender offer for United Label S.A. shares announced on 17.05.2022 (Section IV, point 27) resulted in placing a guarantee in the amount not less than 100% of shares' value, which are subject of the tender offer. The amount of PLN 4,964 thousand was placed as a guarantee deposit in accordance with the Art. 91 section 5 in connection with Art. 77 section 1 of the Act, which would have impact on the cash position of the Group.

### **34. Information about impact of pandemic COVID-19 on the financial statements of the Group**

The impact of COVID-19 pandemic outbreak had no material impact on the Group's Financial Statement in the course of the reporting period.

### **35. Information about impact of war in Ukraine on the financial statements of the Group**

The war in Ukraine did not have impact on the financial statements of the Company nor the Group. There is no risk of going concern as the Group's operations in Russia and Ukraine were limited.

### **36. Events and factors which could impact the future financial results in the following or subsequent quarters**

- The Group will continue to sell *Sniper Ghost Warrior Contracts* and *Sniper Ghost Warrior Contracts 2*, and games from United Label (*RÖKI*, *Eldest Souls*, *Tails of Iron*) with the large majority of sales being generated from digital distribution channels.
- The Group makes most of its revenue from sales in foreign currencies (mainly EUR and USD), and therefore currency exchange rates will impact the financial results of the Group in the future.

- The Group is currently focusing on the production of *Lords of the Fallen2* and *Sniper Ghost Warrior Next* and *Project Survive*. The first two projects are being produced by internal dedicated studios (Hexworks and Underdog Studio) in co-operation with external subcontractors. The third game is being produced by an external studio BatFields s.r.o. in co-operation with key personnel from the Company.
- The Group will pursue a UK listing on LSE to further grow the value of the Company and open investment opportunities to a larger international investment pool.
- The Group will further look to expand its product portfolio both as CI Games and United Label publishing labels. The Group has been working on several internally created game concepts that some of them may be green lighted to a full commercial production and publishing. The group has been as well in ongoing publishing discussions with various development studios across the globe.

# QUARTERLY STANDALONE FINANCIAL STATEMENT OF CI GAMES S.A.

## SELECTED FINANCIAL INFORMATION

Profit and Loss Accounts	for the period from 1.01 to 31.03.2022		for the period from 1.01 to 31.03.2021	
	PLN'000	EUR'000	PLN'000	EUR'000
Net revenue from sales	11,237	2,418	9,049	1,979
Profit (loss) from operating activities	4,354	937	2,772	606
Gross profit (loss)	5,230	1,125	3,793	830
<b>Net profit (loss)</b>	<b>4,135</b>	<b>890</b>	<b>3,079</b>	<b>673</b>
Weighted average number of shares (in thousands)	182,943	182,943	182,943	182,943
Profit (loss) per ordinary share (PLN/share)	0.02	0.00	0.02	0.00

Statement of cash flow	for the period from 1.01 to 31.03.2022		for the period from 1.01 to 31.03.2021	
	PLN'000	EUR'000	PLN'000	EUR'000
Net cash flows from operating activities	10,388	2,235	4,696	1,027
Net cash flows from investing activities	(13,112)	(2,821)	(6,801)	(1,488)
Net cash flows from financing activities	(43)	(9)	(254)	(56)
<b>Net cash flows</b>	<b>(2,767)</b>	<b>(595)</b>	<b>(2,359)</b>	<b>(516)</b>

Balance sheet	as of 31.03.2022		as of 31.12.2021	
	PLN'000	EUR'000	PLN'000	EUR'000
Non-current assets	108,246	23,266	97,693	21,240
Current assets	55,689	11,970	59,028	12,834
<b>Total assets</b>	<b>163,935</b>	<b>35,236</b>	<b>156,721</b>	<b>34,074</b>
Equity	135,457	29,115	131,083	28,500
Initial capital	1,829	393	1,829	398
<b>Liabilities</b>	<b>28,478</b>	<b>6,121</b>	<b>25,638</b>	<b>5,574</b>
Non-current liabilities	6,722	1,445	6,927	1,506
Current liabilities	21,756	4,676	18,711	4,068
<b>Total equity and liabilities</b>	<b>163,935</b>	<b>35,236</b>	<b>156,721</b>	<b>34,074</b>

## STATEMENT OF FINANCIAL CONDITIONS

ASSETS	as of 31.03.2022	as of 31.12.2021	as of 31.03.2021
	PLN'000	PLN'000	PLN'000
<b>A. Non-current assets</b>	<b>108,246</b>	<b>97,693</b>	<b>75,616</b>
Property, plant and equipment	1,729	1,746	706
Intangible assets other than goodwill	92,045	77,971	52,958
Right-to-use asset	4,143	4,391	6,336
Other non current financial assets	4,516	4,516	4,516
Long term investmens	4,172	6,387	9,293
Deferred tax asset	1,641	2,682	1,807
Long term receivables	-	-	-
<b>B. Current assets</b>	<b>55,689</b>	<b>59,028</b>	<b>37,314</b>
Inventories	2,389	2,614	1,275
Current investments	62	61	1,007
Trade receivables and other receivables	35,543	37,267	21,784
Current tax asset	4,774	3,277	-
Cash and cash equivalents	12,921	15,809	13,248
<b>Current assets other than assets or diposal classified as held for sales or as held for distribution to owners</b>	<b>55,689</b>	<b>59,028</b>	<b>37,314</b>
<b>Non-current assets classified as held for sale or as held for distribution to owners</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total assets</b>	<b>163,935</b>	<b>156,721</b>	<b>112,930</b>

LIABILITIES & EQUITY	as of 31.03.2022	as of 31.12.2021	as of 31.03.2021
	PLN'000	PLN'000	PLN'000
<b>A.</b>	<b>135,457</b>	<b>131,083</b>	<b>100,842</b>
Share capital	1,829	1,829	1,829
Share premium	74,484	74,484	74,484
Reserve capital for the acquisition of shares	16,239	16,000	16,000
Retained earnings	42,905	38,770	8,529
including profit for the period	4,135	33,320	3,079
<b>B. LIABILITIES</b>	<b>28,478</b>	<b>25,638</b>	<b>12,088</b>
<b>Non-current liabilities</b>	<b>6,722</b>	<b>6,927</b>	<b>7,246</b>
Loans, credit and other debt intruments	-	-	-
Finance lease liabilities	3,665	3,925	5,605
Deferred income tax provision	3,057	3,002	1,641
<b>Current liabilities</b>	<b>21,756</b>	<b>18,711</b>	<b>4,842</b>
Borrowings including credits, loans and other debt instruments	5	13	1
Income tax liabilities	-	-	-
Trade liabilities and other liabilities	16,004	14,395	3,747
Finance lease liabilities	1,240	955	366
Current provisions	4,507	3,348	728
<b>Current liabilities other than liabilities included in disposal groups classified as held for sale</b>	<b>21,756</b>	<b>18,711</b>	<b>4,842</b>
<b>Liabilities included in disposal groups classified as held for sale</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total equity and liabilities</b>	<b>163,935</b>	<b>156,721</b>	<b>112,930</b>

**PROFIT AND LOSS ACCOUNT AND COMPREHENSIVE INCOME**  
**(costs by function)**

Statement of comprehensive income	for the period from 1.01 to 31.03.2022	for the period from 1.01 to 31.03.2021
	PLN'000	PLN'000
<b>Continuing operations</b>		
<b>Net revenue from sales</b>	<b>11,237</b>	<b>9,049</b>
<b>Costs of products, goods and services sold</b>	<b>(3,301)</b>	<b>(4,803)</b>
<b>Gross profit (loss) on sales</b>	<b>7,936</b>	<b>4,246</b>
Other operating revenues	24	878
Selling costs	(1,357)	(871)
General and administrative costs	(2,216)	(1,459)
Other operating expenses	(36)	(22)
Impairment loss/impairment gain and reversal of impairment loss	3	-
<b>Profit (loss) on operating activities</b>	<b>4,354</b>	<b>2,772</b>
Financial revenues	882	1,069
Financial expenses	(6)	(48)
<b>Profit (loss) before tax</b>	<b>5,230</b>	<b>3,793</b>
Income tax	(1,095)	(714)
<b>Profit (loss) on continuing operations</b>	<b>4,135</b>	<b>3,079</b>
Discontinued operations	-	-
Loss from discontinued operations	-	-
<b>Net profit (loss)</b>	<b>4,135</b>	<b>3,079</b>
<b>Total other comprehensive income including:</b>		
<b>Total income for the financial year</b>	<b>4,135</b>	<b>3,079</b>
Basic earnings /loss per share (PLN)	0.02	0.02
from continued operations	0.02	0.02
from discontinued operations	-	-
Diluted earnings/loss per share (PLN)	0.02	0.02
from continued operations	0.02	0.02
from discontinued operations	-	-
Weighted average number of shares (thousands)	182,943	182,943
Weighted average diluted number of shares (thousands)	184,535	182,943

## CASH FLOW STATEMENT (indirect method)

	for the period from 1.01 to 31.03.2022	for the period from 1.01 to 31.03.2021
	PLN'000	PLN'000
<b>Cash flows from operating activities</b>		
<b>Gross profit (loss)</b>	<b>5,230</b>	<b>3,793</b>
<b>Total adjustments</b>	<b>5,246</b>	<b>903</b>
Depreciation and amortisation	1,587	3,712
Impairment loss (reversal)	-	-
Profit (loss) on foreign exchange differences	150	(32)
Correction of financial income (cost)	(38)	(65)
Profit (loss) on investment activity	-	-
Change in receivables	224	(2,502)
Change in inventory	225	259
Change in trade and other payables	1,699	(591)
Change in provisions	1,399	148
Other adjustments	-	(26)
<b>Net cash flows from operating activities</b>	<b>10,476</b>	<b>4,696</b>
Paid corporate income tax (return) related to operating activity	(88)	-
<b>Net cash flows from operating activities (used in the operating activity)</b>	<b>10,388</b>	<b>4,696</b>
<b>Cash flows from investing activities</b>		
Repayment of loans granted	2,284	927
Cash inflows on disposal of property, plant and equipment and intangible assets	-	-
Cash outflows on acquisition of property, plant and equipment and intangible assets	(15,396)	(4,613)
Cash outflows on acquisition of financial assets	-	-
Cash outflows on loans granted	-	(3,115)
<b>Net cash from investing activities</b>	<b>(13,112)</b>	<b>(6,801)</b>
<b>Cash flows from financing activities</b>		
Net proceeds from the issue of shares	-	-
Inflows from borrowings	-	-
Repayment of borrowings	(8)	(32)
Repayment of finance lease liabilities	(33)	(208)
Interest	(2)	(14)
Other financial inflows (outflows) related to financial activity	-	-
<b>Net cash from financing activities</b>	<b>(43)</b>	<b>(254)</b>
<b>Total net cash flows</b>	<b>(2,767)</b>	<b>(2,359)</b>
Exchange differences on cash and cash equivalents	(121)	(51)
Balance sheet changes in cash and cash equivalents	(2,888)	(2,410)
<b>Cash and cash equivalents at the beginning of the period</b>	<b>15,809</b>	<b>15,658</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>12,921</b>	<b>13,248</b>

## CHANGES IN EQUITY

For the period from 01.01. to 31.03.2022	Share capital	Share premium	Other reserve capiatl	Retained earnings	Equity
<b>PLN'000</b>					
<b>As of 01.01.2022</b>	<b>1,829</b>	<b>74,484</b>	<b>16,000</b>	<b>38,770</b>	<b>131,083</b>
<b>As of 01.01.2022, upon conversion</b>	<b>1,829</b>	<b>74,484</b>	<b>16,000</b>	<b>38,770</b>	<b>131,083</b>
Profit (loss) for the period	-	-	-	4,135	<b>4,135</b>
Incentive program costs	-	-	239	-	<b>239</b>
Increase (decrease) as the result of other changes in equity	-	-	-	-	-
Issue of shares	-	-	-	-	-
<b>Changes in equity</b>	<b>-</b>	<b>-</b>	<b>239</b>	<b>4,135</b>	<b>4,374</b>
<b>As of 31.03.2022</b>	<b>1,829</b>	<b>74,484</b>	<b>16,239</b>	<b>42,905</b>	<b>135,457</b>

For the period from 01.01. to 31.12.2021	Share capital	Share premium	Other reserve capiatl	Retained earnings	Equity
<b>PLN'000</b>					
<b>As of 01.01.2021</b>	<b>1,829</b>	<b>74,484</b>	<b>16,000</b>	<b>5,450</b>	<b>97,763</b>
<b>As of 01.01.2021, upon conversion</b>	<b>1,829</b>	<b>74,484</b>	<b>16,000</b>	<b>5,450</b>	<b>97,763</b>
Profit (loss) for the period	-	-	-	33,320	<b>33,320</b>
Incentive program costs	-	-	-	-	-
Increase (decrease) as the result of other changes in equity	-	-	-	-	-
Issue of shares	-	-	-	-	-
<b>Changes in equity</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>33,320</b>	<b>33,320</b>
<b>As of 31.12.2021</b>	<b>1,829</b>	<b>74,484</b>	<b>16,000</b>	<b>38,770</b>	<b>131,083</b>

For the period from 01.01. to 31.03.2021	Share capital	Share premium	Other reserve capiatl	Retained earnings	Equity
<b>PLN'000</b>					
<b>As of 01.01.2021</b>	<b>1,829</b>	<b>74,484</b>	<b>16,000</b>	<b>5,450</b>	<b>97,763</b>
<b>As of 01.01.2021, upon conversion</b>	<b>1,829</b>	<b>74,484</b>	<b>16,000</b>	<b>5,450</b>	<b>97,763</b>
Profit (loss) for the period	-	-	-	3,079	<b>3,079</b>
Incentive program costs	-	-	-	-	-
Increase (decrease) as the result of other changes in equity	-	-	-	-	-
Issue of shares	-	-	-	-	-
<b>Changes in equity</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,079</b>	<b>3,079</b>
<b>As of 31.03.2021</b>	<b>1,829</b>	<b>74,484</b>	<b>16,000</b>	<b>8,529</b>	<b>100,842</b>

All the mid-year financial information essential for the assessment of the Issuer's assets and financial position were included in the abridged consolidated financial statement for 31 March 2022.

The following abridged mid-year financial statement of the Company, prepared as of 31.03.2022, should be read in conjunction with CI Games S.A. financial statement for December 31, 2021, published on 08.04.2022.



## **Approval of the quarterly Financial Statement**

The following report and the quarterly financial report for the period from January 1 to March 31, 2022, have been signed and approved for release by CI Games S.A. Management Board on 25.05.2022.

**Management Board of CI Games S.A.**

**Marek Tymiński**

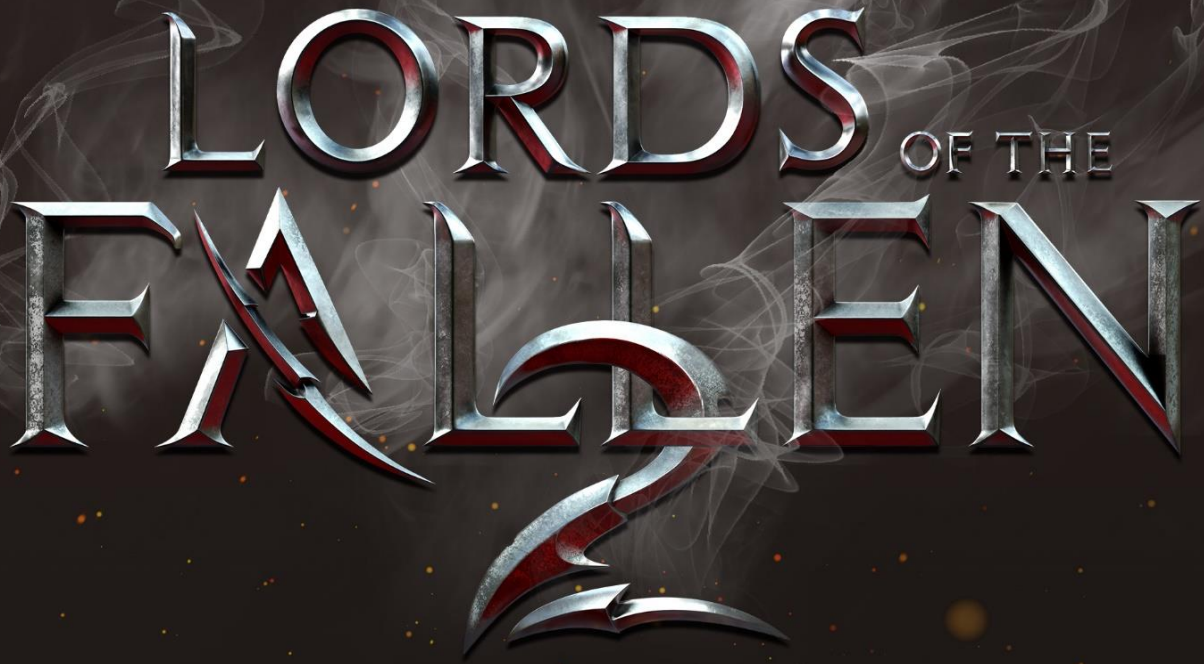
CEO, President of the Management Board

**David Broederick,**

CFO, Vice President of the Management Board

**Monika Rumianek**

Member of the Board



LORDS OF THE  
FALLEN

The title is rendered in a highly detailed, metallic font. The letters are three-dimensional with a brushed metal texture and sharp, pointed edges. The word 'LORDS' is on the top line, 'OF THE' is smaller and positioned to the right of 'LORDS', and 'FALLEN' is on the bottom line. The letters are surrounded by wisps of white smoke and numerous small, glowing orange and yellow sparks, creating a dramatic and atmospheric effect.

HEXWORKS