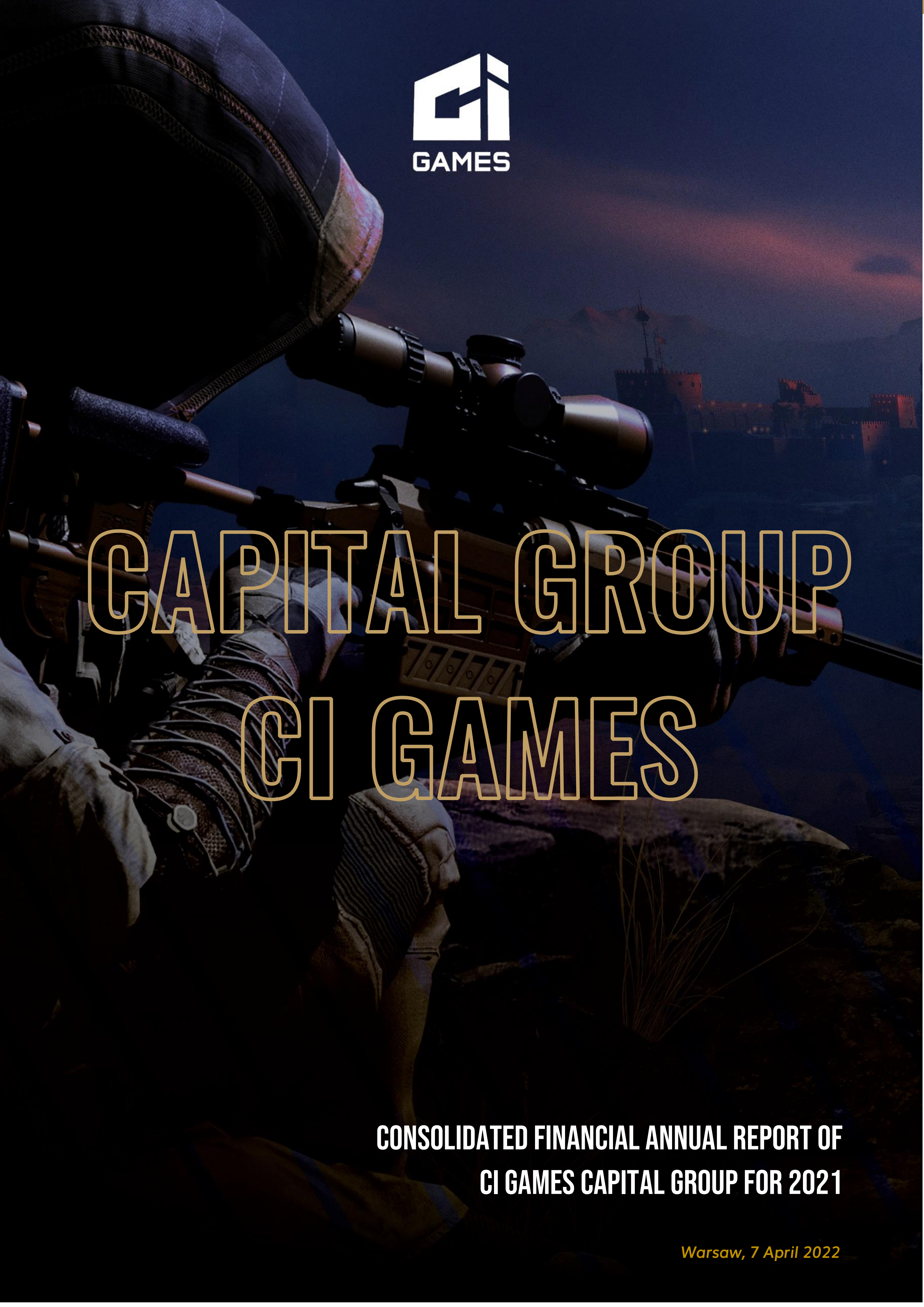

CAPITAL GROUP CI GAMES

CONSOLIDATED FINANCIAL ANNUAL REPORT OF CI GAMES CAPITAL GROUP FOR 2021

Warsaw, 7 April 2022

Profit and Loss Accounts	2021		2020	
	PLN'000	EUR'000	PLN'000	EUR'000
Net revenue from sales	105,528	23,054	46,010	10,283
Profit (loss) from operating activities	40,267	8,797	8,729	1,951
Gross profit (loss)	42,819	9,354	8,532	1,907
Net profit (loss)	**38,343**	**8,376**	**7,097**	**1,586**
Weighted average number of shares (in thousands)	182,943	182,943	167,754	167,754
Net profit (loss) per ordinary share attributable to equity owners of the Parent (in PLN)	0.20	0.04	0.04	0.01

Statement of cash flow	2021		2020	
	PLN'000	EUR'000	PLN'000	EUR'000
Net cash flows from operating activities	54,045	11,807	40,609	9,076
Net cash flows from investing activities	(43,976)	(9,607)	(22,892)	(5,116)
Net cash flows from financing activities	(420)	(92)	3,847	860
Net cash flows	**9,649**	**2,108**	**21,564**	**4,820**

Balance sheet	as of 31.12.2021		as of 31.12.2020	
	PLN'000	EUR'000	PLN'000	EUR'000
Non-current assets	90,767	19,735	69,137	14,982
Current assets	61,345	13,338	41,150	8,917
Total assets	**152,112**	**33,072**	**110,287**	**23,899**
Equity	135,109	29,375	96,544	20,921
Initial capital	1,829	398	1,829	396
Liabilities	**17,003**	**3,697**	**13,743**	**2,978**
Non-current liabilities	6,839	1,487	8,173	1,771
Current liabilities	10,164	2,210	5,570	1,207
Total equity and liabilities	**152,112**	**33,072**	**110,287**	**23,899**

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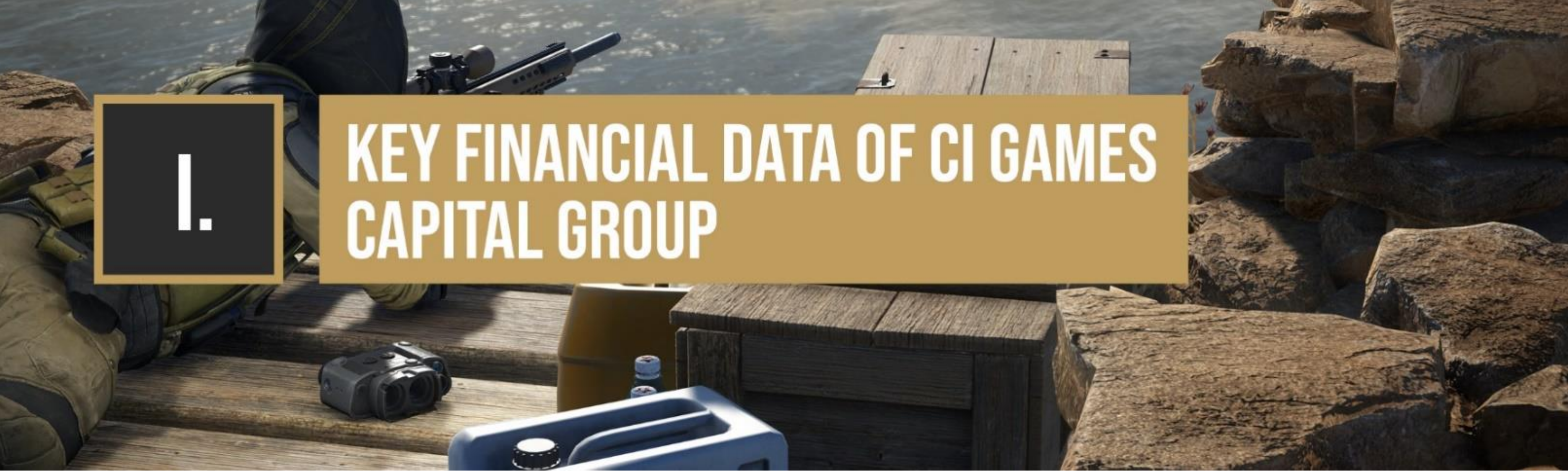


I. KEY FINANCIAL DATA OF CI GAMES CAPITAL GROUP

CONSOLIDATED STATEMENT OF FINANCIAL CONDITIONS

ASSETS	as of 31.12.2021	as of 31.12.2020
	PLN'000	PLN'000
Non-current assets	**90,767**	**69,137**
Property, plant and equipment	1,774	437
Intangible assets	80,959	58,987
Right-to-use asset	4,391	6,484
Long term investmens	-	-
Deferred tax asset	3,643	3,229
Long term receivables	-	-
Current assets	**61,345**	**41,150**
Inventory	2,614	1,576
Current investments	61	431
Trade and other receivables	17,240	10,504
Tax receivables	3,587	432
Cash and cash equivalents	37,843	28,207
Current assets other than assets or diposal classified as held for sales or as held for distribution to owners	**61,345**	**41,150**
Non-current assets classified as held for sale or as held for distribution to owners	**-**	**-**
Total assets	**152,112**	**110,287**

LIABILITIES & EQUITY	as of 31.12.2021 PLN'000	as of 31.12.2020 PLN'000
	135,109	**96,544**
Share capital	1,829	1,829
Share premium	78,653	78,653
Other reserve capital	16,629	16,407
Retained earnings	36,294	(514)
including profit for the period	36,808	6,959
Equity attributable to owners of the Parent	133,405	96,375
Equity attributable to non-controlling interests	1,704	169
LIABILITIES	**17,003**	**13,743**
Non-current liabilities	**6,839**	**8,173**
Loans, credit and other debt intsruments	-	-
Finance lease liabilities	3,925	5,867
Deferred income tax provision	2,914	2,306
Current liabilities	**10,164**	**5,570**
Borrowings including credits, loans and other debt instruments	13	33
Income tax liabilities	41	-
Trade liabilities and other liabilities	4,972	4,351
Finance lease liabilities	955	324
Other current provisions	4,183	862
Current liabilities other than liabilities included in disposal groups classified as held for sale	**10,164**	**5,570**
Liabilities included in disposal groups classified as held for sale	**-**	**-**
Total equity and liabilities	**152,112**	**110,287**

CONSOLIDATED PROFIT AND LOSS ACCOUNT AND COMPREHENSIVE INCOME

Statement of comprehensive income	for the period from 1.01 to 31.12.2021 PLN'000	for the period from 1.01 to 31.12.2020 PLN'000
Continuing operations		
Net revenue from sales	**105,528**	**46,010**
Costs of products, goods and services sold	**(39,602)**	**(26,683)**
Gross profit (loss) on sales	**65,926**	**19,327**
Other operating revenues	1,240	1,314
Selling costs	(16,349)	(5,777)
General and administrative costs	(7,733)	(5,479)
Other operating expenses	(2,812)	(674)
Impairment loss/impairment gain and reversal of impairment loss	(5)	18
Profit (loss) on operating activities	**40,267**	**8,729**
Financial revenues	2,783	141
Financial expenses	(231)	(338)
Profit (loss) before tax	**42,819**	**8,532**
Income tax	(4,476)	(1,435)
Profit (loss) on continuing operations	**38,343**	**7,097**
Discontinued operations	-	-
Loss from discontinued operations	-	-
Net profit (loss)	**38,343**	**7,097**
- net profit (loss) attributable to equity owners of the Parent	36,808	6,959
- net profit (loss) attributable to non-controlling interest	1,535	138
Total other comprehensive income, including:		
Other comprehensive income that will be reclassified to profit or loss before tax	**222**	**(1)**
Foreign exchange differences from translation of foreign entities	222	(1)
Other comprehensive income befor tax	**222**	**(1)**
Income tax telating to cmponents of other comprehensive income that will be reclassified to pro	-	-
Other net comprehensive income	**222**	**(1)**
TOTAL COMPREHENSIVE INCOME	**38,565**	**7,096**
- total net comprehensive income attributable to equity owners of the Parent	**37,030**	**6,958**
- total net comprehensive income attributable to non-controlling interest	**1,535**	**138**

CONSOLIDATED CASH FLOW STATEMENT

(indirect method)

	for the period from 1.01 to 31.12.2021 PLN'000	for the period from 1.01 to 31.12.2020 PLN'000
Cash flows from operating activities		
Gross profit (loss)	**42,819**	**8,532**
Total adjustments	**16,064**	**33,624**
Depreciation and amortization	20,179	19,100
Impairment loss (reversal)	2,398	181
Profit (loss) on foreign exchange differerences	52	28
Adjustments to financce cost /insome	(60)	315
Profit (loss) on sales of fixed assets	-	11
Change in trade and other receivables	(9,164)	14,125
Change in inventories	(1,324)	1,343
Change in trade and other payables	662	(1,657)
Change in provisions	3,321	180
Other adjustments	-	(2)
Net cash flows from operating activities	58,883	42,156
Paid corporate income tax (return) related to operating activity	(4,838)	(1,547)
NET CASH FLOWS FROM OPERATING ACTIVITIES (used in the operating activity)	**54,045**	**40,609**
Cash flows from investing activities		
Repayment of loans granted	2,472	
Cash inflows on disposal of property, plant and equipment and intangible assets	-	-
Cash outflows on acquisition of property, plant and equipment and intangible assets	(44,409)	(22,461)
Cash outflows on acquisition of financial assets	(2,039)	(431)
Cash outflows on loans granted	**(43,976)**	**(22,892)**
Cash flows from financing activities		
Net proceeds from the issue of shares and other capital instruments	-	29,124
Inflows from loans		3,809
Repayment of loans	(20)	(27,827)
Repayment of finance lease liabilities	(365)	(667)
Interest	(35)	(391)
Other financial outflows		(201)
NET CASH FLOW FROM FINANCING ACTIVITIES	**(420)**	**3,847**
TOTAL NET CASH FLOWS	**9,649**	**21,564**
Exchange differences on cash	**(13)**	**(16)**
Balance sheet changes in cash and cash equivalents	9,636	21,548
Cash and cash equivalents at the beginning of the period	**28,207**	**6,659**
Cash and cash equivalents at the end of the period	**37,843**	**28,207**

STATEMENT OF CHANGES IN CONSOLIDATED EQUITY

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	PLN'000	PLN'000	PLN'000	PLN'000	PLN'000	PLN'000
As of 01.01.2021	**1,829**	**78,653**	**16,407**	**(514)**	**96,375**	**169**	**96,544**
As of 01.01.2021, upon coversation	**1,829**	**78,653**	**16,407**	**(514)**	**96,375**	**169**	**96,544**
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**
Total	**-**	**-**	**222**	**36,808**	**37,030**	**1,535**	**38,565**
Increase (decrease) as the result of other changes in equity	-	-	-	-	-	-	**-**
Issue of shares	-	-	-	-	-	-	**-**
Changes in equity	**-**	**-**	**222**	**36,808**	**37,030**	**1,535**	**38,565**
As of 31.12.2021	**1,829**	**78,653**	**16,629**	**36,294**	**133,405**	**1,704**	**135,109**

For the period from 01.01. to 31.12.2020	Share capital	Share premium	Other reserve capital	Retained earnings	Equity attributable to owners of parent	Non controlling interest	Equity
	PLN'000	PLN'000	PLN'000	PLN'000	PLN'000	PLN'000	PLN'000
As of 01.01.2020	**1,619**	**49,759**	**16,413**	**(7,473)**	**60,318**	**-**	**60,318**
Change of estimates	-	-			-	-	-
As of 01.01.2020, upon coversation	**1,619**	**49,759**	**16,413**	**(7,473)**	**60,318**	**-**	**60,318**
Profit (loss) for the period	-	-	-	6,959	6,959	138	7,097
Increase (decrease) as the result of other changes in equity	-	-	(1)	-	(1)		(1)
Total	**-**	**-**	**(1)**	**6,959**	**6,958**	**138**	**7,096**
Increase (decrease) as the result of other changes in equity	-	-	(5)	-	(5)	31	26
Issue of shares	210	28,894	-	-	29,104	-	29,104
	210	**28,894**	**(6)**	**6,959**	**36,057**	**169**	**36,226**
As of 31.12.2020	**1,829**	**78,653**	**16,407**	**(514)**	**96,375**	**169**	**96,544**

II. BASIC INFORMATION ABOUT CI GAMES CAPITAL GROUP

1. Information about the Group

- Name of the reporting entity: CI Games Capital Group
- Explanation of the changes in the name off reporting entity or other identification data: not applicable
- Location: Warsaw, Poland
- Legal form: Joint-stock company
- Country of registration: Poland
- Registered Address: Rondo Daszyńskiego 2B, 00-843 Warsaw
- Basic place of conducting business activity: Warsaw, Barcelona, London, Bucharest
- The core business activity: production, publishing and distribution of video games
- Name of dominant entity: CI Games SA
- Name of dominant entity at the highest level: CI Games SA
- Tax identification number NIP: 1181585759
- Statistical identification number (REGON): 017186320

2. Structure of the Capital Group and consolidation principles

As of 31.12.2021, CI Games Capital Group ("the Group", "Capital Group CI Games") consisted of the following entities:

- CI Games S.A. ("the Company", "CI Games", "Parent Entity", "Dominant Entity") 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 the seat 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.

The following company is excluded from consolidation due to materiality level:

- CI Games Bucharest Studio S.R.L.

3. Composition of the governing bodies of the Parent Entity

Management Board of the Parent Entity in 2021:

Marek Tymiński	CEO, President of the Management Board
Monika Rumianek	Member of the Management Board

Composition of the Supervisory Board of the Company in 2021 was as follows:

Ryszard Bartkowiak	President 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
Krzysztof Kaczmarczyk	Member of the Supervisory Board until 06.12.2021
Adam Niewiński	Member of the Supervisory Board from 06.12.2021

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 Company shareholders as of the date of publication of this report.

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%
Rockbridge Towarzystwo Funduszy Inwestycyjnych S.A.	15,718,357	8.59%
Other shareholders	114,141,088	62.39%
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 07.04.2022 (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 CI Games S.A. holds 66,000 shares of the Issuer, constituting 0.36% of the share capital of the Issuer and 0.36% 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 2021 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 financial statements

The consolidated financial statements of CI Games Capital Group ("the Group", "CI Games Group", "the Capital Group CI Games") encompasses the period from 01.01.2021 to 31.12.2021. The comparative data has been provided for the period from 01.01.2020 to 3112.2020, and the balance sheet data has been presented as of 12.31.2020 and 31.12.2020.

The scope of the financial statements is consistent with the International Financial Reporting Standards and interpretations issued by the International Accounting Standards Board approved by the European Union, as well as the Regulation of the Minister of Finance of March 29, 2018 on current and periodic information delivered by issuers of securities and on requirements for recognition of information required by law of countries other than member states as equivalent (Journal of Laws of 2018 item 757 ("the Regulation").

2. Going concern assumption

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

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

In association with the situation related to the epidemic of COVID-19 (the coronavirus SARS-CoV 2) and economic uncertainty in Poland and over the world related to the war in Ukraine, and their implications - neither jointly nor individually – the Management Board is of opinion that the current situation does not constitute an event that would require an adjustment of the consolidated financial statements for year 2021. As of the date of publication of these financial statements, the situation is subject to constant changes. The Management Board is monitoring the potential impact and will take all steps to mitigate any negative consequences for the Group.

3. Statement of conformity

These consolidated financial statements for the financial year ended on 31.12.2021 have been prepared in accordance with the International Financial Reporting Standards approved by the European Union (EU IFRS). The Group prepared the financial statements for the year ended on 31.12.2021 on the basis of accounting principles consistent with the principles applied in preparation of the financial statements for year 2020. The standards and interpretations, which came into force on 01.01.2021, have been presented in Chapter III, point 11.

These consolidated financial statements present reliably the results and financial position of the Group as of 31.12.2021, the results of its activity, as well as financial flows for the period of 12 months, ended on 31.12.2021.

4. Functional 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 of CI Games and the Group.

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 31/12/2021 - 4.5994 PLN/ EUR
- as of 31/12/2020 - 4.6148 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:

- 2021 - 4.5775 PLN/ EUR
- 2020 - 4.4742 PLN/ EUR

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

The Group did not make any changes in accounting policy in 2021.

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 and similarly as of 31.12.2020, the Group implemented the following presentation changes:

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.

6. Adjustment of errors

- In the reporting period, there were no adjustments of significant errors related to financial statements from previous periods.

7. Professional judgment, assumptions and estimates

Preparation of the consolidated financial statements in accordance with the EU IFRS requires the Management Board of the Company 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 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 real value may differ from the estimated value.

Key areas, which have been subject to professional judgments, estimates and assumptions:

- **Amortization of development works** - the basis for calculation of natural amortization of finished development projects is the assumption concerning the expected number of games sold in the future. The Group verifies the amortization rate applied on an annual basis.
- **Deferred tax asset** – the Group recognizes the asset due to deferred tax on the basis of assumption that in the future, a tax profit would be achieved, allowing for its use. The Management Board of the Company analyzes and verifies the estimates made with regard to probability of recovery of assets due to deferred income tax on the bases of changes in factors taken into account in the estimation.
- **Impairment of cash generating units** and individual fixed assets and intangible assets – Determination of impairment requires estimation of recoverable value of assets or cash generating units. The significant assumptions taken into account in estimation of this value include such variables as the discount rate and the estimated number of games sold. As of 12.31.2021, upon analysis of cash flows for individual cash generating units and completion of appropriate impairment tests for assets that required these, impairment related to older mobiles game have been identified in the amount of PLN 2,040 thousand.
- **Impairment loss on receivables** - estimated as the expected credit losses for trade and other receivables.
- **Impairment loss on inventories -** estimated on the basis of aging of inventories and net recoverable value as the estimated sale price.
- **Uncertainty associated with tax settlement -** regulations on goods and services tax, corporate income tax and charges associated with social insurance are subject to frequent changes. Tax settlements and other areas of activity of the Group may be subject to inspection by authorities entitled to impose penalties and fines. The Group recognizes and valuates assets or liabilities due to current and deferred income tax in accordance with requirements of IAS 12 Income tax and IFRIC 23 on the basis of tax profit (loss), basis for taxation, unsettled tax losses and tax rates, taking into account the assessment of uncertainty associated with tax settlements. When there is uncertainty as to whether and to what extent the tax authority will accept the individual tax settlements for transactions, the Company recognizes such settlements, including the uncertainty assessment. In 2021. CI Games SA received a positive tax interpretation related to an application of IP Box rules and consequently, the Company submitted a CIT correction related to 2020 year. The tax adjustment of PLN 764 thousand was included in the Company's equity as a change of estimates related to corporate income tax.

8. Impact of COVID-19 on the financial results 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.
- The Group did not identify requirement for impairment of the fixed assets, nor expected credit losses and the related writes-off. There was no need for inventories to be written down.
- As of the date of this consolidated financial statements report, the Group remains liquidity and has financing available for its operating and investing activities.
- The Company did not use public assistance as part of crisis mitigation and assistance programs prepared by the government of the Republic of Poland.
- CI Games USA Inc., a subsidiary, has received a subsidy financing totaling USD 37,102 in May 2020 as part of Paycheck Protection Program, a jobs protection program. As part of this program, the subsidiary was required to finance at least 75% of wage and salary expenses from assistance funding. CI Games USA Inc. used the entire amount to finance wages and salaries. In 2021, this amount is recognized as other operating income in accordance with IAS 21.

9. Impact of the war in Ukraine on the financial results of the Group

- The Group did not identify requirement for impairment of the fixed assets, nor expected credit losses and the related writes-off in relation to the war in Ukraine.
- The value of the sales on Russia and Belarus accounted for 1.8% of consolidated revenues in 2021. The Group ceased sales of the products on the Russian and Belarus territories. The Management did not identify negative impact on the financial results of the Group.

10. Applied accounting principles

a) Application of the International Accounting Standards

The annual consolidated financial statement is prepared in accordance with the International Accounting Standards (IAS) and the International Financial Reporting Standards (IFRS) adopted by the European Union ("EU") and interpretations approved by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC) applicable to activity of the Company, which were in force in the annual reporting periods starting from January 1st, 2007 and the requirements of the Regulation of the Minister of Finance.

The consolidated financial statements for the period from 01.01.2021 to 31.12.2021 is a subsequent consolidated annual financial statement prepared in accordance with the IAS/ IFRS. The comparable data for the period from 01.01.2020 to 31.12.2020 comes from the consolidated financial statements prepared in accordance with the IAS/ IFRS. The date of transition to the IAS/ IFRS was 01.01.2007.

b) The basis for preparation of the consolidated financial statements

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

The accounting principles presented below were applied to all periods presented in the consolidated financial statements provided, as well as in preparation in accordance with the IAS/IFRS of the opening balance as of 01.01.2007 for the purpose of transition from the Polish accounting principles to reporting in accordance with the IAS/IFRS.

c) Consolidation principles

(i) Subsidiaries

In accordance with IFRS 10, the Parent Entity controls the investment, if it controls it, when it is exposed to variable financial results from its involvement with this investment or has the right to variable returns from its involvement in this investment.

The consolidated financial statements of CI Games Capital Group were prepared using the acquisition method as the mode of settlement of acquisition as of the date of the transaction of purchase of shares (the full consolidation method). In preparation of consolidated financial statements, the parent entity combines the financial statements of the parent entity and its subsidies by summing up individual items of assets, liabilities, shares in equity, revenues and expenses.

To ensure presentation in the consolidated financial statements of financial information on the Capital Group as if it constituted a single business entity, the balance sheet value of investments of the parent company in a subsidiary is excluded, as well as the part of equity of such subsidy, which is equivalent to the share of the dominant entity.

The method used to translate financial statements of entities operating abroad depends on the mode of their financing, as well as the type of activity conducted in relation to the entity preparing the consolidated financial statements. Therefore, entities operating abroad, according to IAS 21, are divided as follows: “entities operating abroad, with operations constituting an integral part of operations of the entity preparing the consolidated financial statements” and “foreign entities”.

For the purpose of translation of financial statements of subsidiaries operating abroad, these entities, in accordance with IAS 21, have been classified as “foreign entities”. In translation of financial statements of foreign entities, for the purpose of their inclusion in own financial statement, the entity preparing the consolidated financial statements applied the following principles:

- both monetary and non-monetary assets and liabilities were translated according to their closing price,
- items of revenues and expenses of foreign entities were translated at the currency exchange rate as of the date of execution of the transaction, except for situations, in which foreign entities prepare their statements under the conditions of hyperinflationary economy. In such cases, the items were translated at the closing price,
- all exchange rate differences were recognized in equity until disposal of the net investment.

Financial results of entities purchased or sold during the year are recognized in the consolidated financial statements from/to the moment of their purchase or sale, respectively, if they constitute material values for the presented financial statements.

When necessary, adjustments are made in financial statements of subsidies or affiliates to standardize the accounting principles applied by such entity with the principles applied by the parent entity. Any transactions, balances, revenues and expenses between related entities subject to consolidation are subject to consolidation exclusions.

(ii) Consolidation adjustments

Balances of internal settlements between the Group entities, transactions executed within the Group and all of the associated unrealized gains or losses, as well as revenues and costs of the Group are eliminated in preparation of the consolidated financial statements. Unrealized gains due to transactions with affiliates and jointly controlled entities are excluded from the consolidated statements proportionally to the share of the Group in these entities. Unrealized losses are excluded from the consolidated financial statements on the same basis as unrealized gains, until emergence of conditions indicating impairment.

d) Property, plant and equipment

Property, plant and equipment are fixed assets held for the purpose of being used in the production process or in delivery of goods and rendering of services, in order to be handed over to other entities for use on the basis of lease agreements, which are expected to be used for longer than a single period.

Costs incurred at a later date are recognized in the balance sheet value of such asset or recognized as a separate asset only if it is probable that the Company would in the future acquire economic benefits associated with this asset, and the price of purchase of a given item can be reliably measured. Expenditures for repair and maintenance are recognized in the profit and loss account for the financial period, in which they were incurred. The production cost is increased by charges and, for some assets, by costs of external financing capitalized in accordance with the accounting principles of the Company.

Property, plant and equipment is valuated as of the balance sheet date according to the price of purchase or cost of production, reduced by depreciation up to date and impairment allowances made.

Depreciation of such property, plant and equipment starts upon commencement of their use. For every new fixed asset, technical services are obliged, if possible, to identify its substantial components and determine the amortization method.

Fixed assets under construction, created for the purpose of production, lease or administrative purposes, as well as for purposes, which have not yet been defined, are presented in the balance sheet according to their production cost reduced by impairment allowances.

Profits or losses on sale/ liquidation or withdrawal from use of fixed assets are recognized as the difference between profits from sale and net value of such fixed assets and are recognized in the profit and loss account.

Property, plant and equipment is amortized using the straight-line method at the following rates:

- technical equipment and machines 20-60%,
- other fixed assets 20%.

Starting from 01.01.2020, the Group increased the value of its fixed assets recognized in the balance sheet of initial value from PLN 1,000 to PLN 5,000.

Subject to activation are expenses incurred in the later period, aimed at replacement of the separately recognized part of a fixed asset. Other costs are capitalized only if they can be reliably measured and increase the future economic benefits associated with a fixed asset. Other expenditures are recognized on an ongoing basis in the profit and loss account as costs.

e) Intangible assets

(i) Intangible assets

An intangible asset is recognized by the Group only if:

- it is probable that the Group will achieve future economic benefits, which can be assigned to a given asset and
- it is possible to reliably determine the purchase price or cost of production of a given asset.

Intangible assets include intangible assets of initial value of at least PLN 1,000. Starting from 01.01.2020, this amount has been increased to PLN 5,000. The value of assets that can be recognized as intangible assets up to PLN 5,000 is included in current costs.

Intangible assets are amortized using the straight-line method at the following rates:

- licenses 20%-90%,
- computer software 50%

(ii) Development projects

Expenditures for research projects are recognized as costs when incurred.

The Group classifies expenditures for development of games as Development projects.

The costs of development projects incurred prior to commencement of production or application of new technologies are included in intangible assets, if the Group is able to prove:

- the possibility, from a technical point of view, of completing of an intangible asset so that it becomes fit for use or sale,
- the intention of completing a given intangible asset or its use or sale,
- the ability to use or sell the intangible asset,
- the manner, in which such intangible asset will generate the potential economic benefits. Among other things, the Company should prove existence of a market for products developed thanks to such intangible asset or for the asset itself or - if the asset is to be used by the entity - usability of a given intangible asset,
- availability of the proper technical, financial and other measures, which are to be used for completion of development projects and use or sale of an intangible asset,
- the possibility of reliable determination of expenditures incurred in the course of development projects, which can be assigned to such intangible asset.

The costs of development projects with a pre-determined usable life, for which it is possible to determine the sale estimates, are subject to amortization using the activity depreciation method proportionally to sales executed. Amortization allowances cease to be made when a given asset is classified for sale or is no longer recognized in the books.

The amortization period is equal to the economic life of a resource possessed. The costs of development projects are amortized during the expected period of generation of revenues from sales, however, not longer than 5 years.

The Group does not apply amortization of costs of development projects with an unlimited period of use.

Intangible assets with an unlimited period of use are subject to annual tests for impairment, in accordance with guidelines of IAS 36 "Impairment of assets".

The costs of external financing (e.g. interest rates on credits and loans and exchange rates on credits and loans in foreign currencies), which can be assigned directly to purchase or production of an asset, increase the purchase price or production cost of such asset.

The net financing costs include payable interest on debt, determined on the basis of the effective interest rate, interests payable on cash invested by the Company, dividends due, profits and losses on exchange differences and profits and losses on hedging instruments, which are recognized in the profit and loss account.

(iii) Distribution licenses

Costs related to publishing activity (game distribution licenses) are capitalized on the balance sheet line "Advances for intangible assets" (included in "Intangible assets other than goodwill"). After the release date, they are presented as intangibles as distribution licenses and they are amortized linearly in three years period.

(iv) Impairment

As of the balance sheet date, the Group conducts a review of assets to identify any evidence of their potential impairment.

If such evidence is found, the recoverable value of a given asset is established in order to determine the potential allowance in this regard.

If an asset generates no cash flows, which are largely independent of cash flows generated by other assets, the analysis is conducted for the group of assets generating cash flows, to which a given asset belongs.

In the case of intangible assets with unlimited period of use, the impairment test is conducted annually and additionally if evidence suggests the possibility of their impairment. The recoverable value is determined as the higher of the following: fair value reduced by costs of sale or value in use. The latter corresponds with the current value of the estimated future cash flows discounted using the discount rate, taking into account the current market estimates of time value of money and the risk specific for a given asset.

If the recoverable value is lower than the net book value of an asset (or group of assets), the book value is reduced to the recoverable value.

Impairment loss is recognized as a cost in the period, in which it occurs, except for situations, in which an asset was recognized according to its revalued amount (in such case, impairment is treated as a reduction of previous revaluation).

If impairment is later reversed, the net value of an asset (or group of assets) is increased to the new revalued recoverable value, however, not higher than the net value of this asset, which would have been determined should no impairment have been recognized in the previous years.

Reversal of impairment is recognized in revenues, if the asset has not been subject to revaluation - in such case, reversal of impairment is recognized in the revaluation reserve.

f) The right to use assets and lease liabilities

According to IFRS 16, a contract is a lease or contains a lease, if it transfers the right to control the use of an identified asset for a given period in exchange for consideration. All lease transactions result in the right to use the asset and a payment liability arising on the part of the lessee. On 21.12.2020, the Company signed a lease agreement for a new office with Ghelamco GP 11 spółka z ograniczoną odpowiedzialnością THE HUB spółka komandytowo-akcyjna with the seat in Warsaw for the rental period of 60 months.

Asset and liabilities related to this contract was recognized as of 31.12.2020 in the line the right to use asset and finance liability. Amortization of this assets started at the moment of commencement the office space rental.

Assets due to the right to use are initially recognized at their cost and then reduced by amortization allowances and potential impairment losses and properly adjusted by translations of lease liabilities. The respective asset is amortized in line with the estimated time of asset's economic usage.

The cost of an asset constituting the right of use includes the initial valuation of the lease liability, all lease charges paid up to the commencement date, reduced by any lease incentives received, the initial direct costs incurred by the lessee and the estimate of costs to be incurred by the lessee in association with disassembly and removal of the underlying asset.

g) Investments

Investments other than real estate property, intangible assets and financial assets are recognized according to their purchase price reduced by impairment allowances.

Investments recognized according to their historic cost expressed in a foreign currency as of the balance sheet date are valuated using the average exchange rate published by the National Bank of Poland as of the balance sheet date.

h) Financial instruments

The Group qualifies its financial assets and liabilities according to the following categories:

- valuated according to amortized cost,
- valuated according to fair value through other comprehensive income,
- valuated according to fair value through financial profit or loss,
- valuation of hedging financial instruments. The Company does not apply hedge accounting, and thus regulations of IFRS 9 in this regard are not applicable.

The Group qualifies financial assets as belonging to specific categories depending on the business model of management of financial assets and characteristics of contractual cash flows for a given financial asset.

The Group classifies trade liabilities, credits, loans and bonds as liabilities valuated according to their amortized cost.

The table below presents classification and valuation of financial assets of the Group in accordance with the IFRS 9:

Classes of financial instruments	**IFRS 9**
Non-quoted shares and stocks	Valuated according to fair value through other comprehensive income
Trade receivables	Financial assets valuated according to amortized cost
Loans granted	Financial assets valuated according to amortized cost
Cash and cash equivalents	Financial assets valuated according to amortized cost
Trade liabilities	Financial liabilities valuated according to amortized cost
Financial liabilities	Financial liabilities valuated according to amortized cost

<u>Financial assets valuated according to amortized cost</u>

The Group classifies trade receivables, loans granted, other financial receivables and cash and cash equivalents as assets valuated according to amortized costs.

The Group valuates financial assets according to amortized cost using the effective interest rate method. Trade receivables, upon their initial recognition, are valuated in the amount of their amortized cost using the effective interest rate method, taking into account impairment allowances, provided that trade receivables with maturity period of less than 6 months from the date of their emergence (that is, containing no financing component), not submitted for factoring, are not subject to discounting and are measured according to their nominal value.

Short-term trade and other receivables are valuated in the amount payable, unless the effect of interest charged is material. Otherwise, such receivables are initially recognized according to their fair value, and then valuated according to the amortized cost using the effective interest rate. In accordance with the principle followed by the Company, receivables with maturity longer than 180 days are subject to discounting.

Cash and cash equivalents include cash in bank and bank deposits on demand. Short-term investments, which are not subject to material changes in value and can be easily transformed into a specific cash amount and constitute a part of the Group's policy of liquidity management, are recognized as cash and cash equivalent for the purpose of the cash flow statement.

<u>Financial assets valuated at fair value through other comprehensive income</u>

Profits and losses from a financial asset constituting an equity instrument, which has been subject to valuation at fair value through other comprehensive income, are recognized in other comprehensive income, except for revenues from dividends received.

<u>Financial assets valuated at fair value through financial profit or loss</u>

Profits or losses resulting from valuation of a financial asset qualified as valuated according to its fair value through financial profit or loss are recognized in the financial result in the period, in which they emerged. Profits and losses from valuation of items at fair value through financial profit or loss include revenues from interest and dividends.

Impairment of financial assets

The most significant financial assets in the consolidated financial statements of the Group, which are subject to amended principles of calculation of the expected credit losses, are trade receivables. As of each balance sheet date, the Group assesses the expected credit losses regardless of existence or lack of evidence suggesting impairment. The Group applies a simplified approach, consisting of assessment of probability of non-repayment of receivables on the basis of historic data, taking into account the balance of outstanding receivables. The Group also allows for individual possibility of determination of expected credit losses, taking into account the legal status of the debtor (liquidation, bankruptcy) and other factors. The allowance for expected credit losses is updated on each reporting date.

Impairment (losses) / reversal of losses for financial instruments include mainly impairment (losses)/ reversal of losses for trade receivables and impairment (losses)/ reversal of losses for loans granted.

Financial liabilities

- Financial liabilities include financial liabilities valuated initially according to their amortized cost and include loan and credit liabilities, trade liabilities, bond liabilities, other and lease liabilities. Costs due to interest on the above liabilities are recognized using the effective interest rate method and recognized in the financial costs item.
- Financial liabilities valuated after their initial recognition according to fair value through financial result include derivatives not included in the hedge accounting policy.

Records of liabilities are made in the manner that allows for separation of settlements between related and other entities and according to maturity periods as follows:

- within 12 months,
- above 12 months.

Liabilities associated with construction of fixed assets and fixed assets, as well as commenced development projects are included in "trade liabilities". The value of services, which have been provided on behalf of the Company, for which no invoices have been received until the balance sheet date, are presented as "trade liabilities".

i) Inventories

The initial value (cost) of inventories includes all costs (of purchase, production and other) incurred in association with bringing inventories to their current location and balance.

The price of purchase of inventories includes the purchase price increased by import tariffs or other taxes (which cannot be recovered later from tax authorities), costs of transport, loading, unloading and other costs directly associated with obtaining of inventories, reduced by discounts, rebates and other similar reductions.

Inventories are recognized in their initial value (price of purchase or cost of production) or at their net sale price, whichever is lower.

As for the remaining inventories, the cost is determined using the "first in first out" (FIFO) method.

Impairment losses on inventories

Allowances on tangible current assets associated with their impairment or valuation as of the balance sheet date are made in correspondence with other operating costs (IAS 2).

The Group makes impairment losses on inventories up to attainable net value. Attainable net value is the sale price established in the course of ordinary business activity, reduced by costs of finishing and estimated costs necessary for effecting sale.

Reversal of impairment losses on inventories, resulting from increase in their attainable net value, is recognized as a decrease in the amount of inventories recognized as other operating revenues, in which the impairment loss was reversed.

As of the balance sheet date, inventories are valuated at their acquisition or purchase price, provided that such price cannot be lower than the net sale price of a given inventory component.

Advances for deliveries made in foreign currencies are booked at the currency sale rate used by the bank rendering services on behalf of the Group.

The Group valuates advances for deliveries according to their nominal value and presents them in the statement at the historic rate, reduced by any impairment losses on advances. The Group classifies the advances paid through confirmations of the balance of advance payments received from business partners as shown in the auxiliary accounts, to the general ledger accounts "Settlements with suppliers" and clarifies and settles any differences

j) Share capital

Share capital has been recognized according to nominal value of shares issued and paid.

(v) Acquisition of own shares

In the case of acquisition of treasury shares, the associated payment amount along with direct costs of the transaction are recognized as a change in equity. The acquired treasury shares are recognized as decrease in equity.

(vi) Costs related to issue and public offering of shares

Costs associated with issue of new shares are recognized in equity, and costs associated with public offering of existing shares are recognized directly in costs.

(vii) Share premium

This capital includes share premium reduced by costs of issue of shares and is recognized in supplementary capital.

(viii) Dividends

Dividends are recognized as liabilities in the period, in which they are approved by a resolution.

k) Provisions

Provisions are liabilities with uncertain maturity date or amount. The companies from the Group establish provisions, if all of the following prerequisites have been met:

- companies are subject to existing obligations (legal or customary) due to past events,
- it is probable that fulfillment of the obligation will result in the necessity of outflow of assets
- constituting economic benefits,
- the amount of such obligation can be reliably estimated.

The Group establishes provisions for liabilities as follows:

- provisions for deferred income tax, established in association with positive differences between the book value of assets and liabilities and their tax value,
- provisions for employee benefits - provisions for severance payments are calculated on the basis of own estimates, however, due to low average employee age and the resulting immaterial value of provisions, it is not being established at present,
- other provisions.

Reversal of unused provisions takes place on the date of their recognition as unnecessary.

l) Liabilities, including trade liabilities

Trade and other liabilities are divided into long-and short-term liabilities using the following criteria:

- liabilities maturing within 12 months from the balance sheet date are recognized as short-term liabilities,
- all liabilities other than trade liabilities and short-term liabilities are long-term liabilities.

Trade liabilities with maturity periods up to 180 days are valuated as of the balance sheet date in the amount of the payment required, increased by interest for delay, payable as of the valuation date, if any. Trade liabilities with maturity periods of more than 180 days are valuated as of the balance sheet date according to their amortized cost (that is, discounted using the effective interest rate).

Any turnover and balances of booking accounts should be reconciled and all adjustments recorded in the books, and thus recognized in the financial statements of the entity. In the case of a difference of opinions with regard to balance reconciliation between the entity and any business partner, it is assumed that the seller is right, and after the year has been closed, adjustments, if any, are made in the books for the current year.

Liabilities expressed in foreign currencies are valuated at the average rate of exchange, published for a given currency by the National Bank of Poland.

Interests for delay in timely settlement of liabilities are not charged, if the entitled entity has submitted a written statement of withdrawal from charging interest. In other cases, interest is charged and recorded as follows:

- on an ongoing basis, on the basis of interest notes received,
- at the estimated value, where the estimate is based on historic data reflecting the amounts of interests charged by individual business partners, in relation to the amount of debt to these business partners.

In each case, in calculation of interest, it is necessary to take into account other significant risks that allow for charging of such interest.

In the additional information, it is necessary to disclose the fact of occurrence of overdue liabilities and the associated risk of interest charged by creditors.

m) Revenues

Revenues from sale of goods and rendered services to its customers are recognized based on the principle that the entity recognizes revenues in the manner that reflects the transaction of transfer of ownership of promised goods and services to the customer in the amount reflecting the value of consideration that the entity expects in exchange for these goods and services.

Revenue from sales of products and services include sales of products manufactured by the Company, subject to its exclusive license rights on the basis of their development or licenses purchased for publishing and distribution of such products, as well as services rendered by the Group on behalf of other entities.

Revenues from sales of goods and materials include sales of products that have been purchased and have been designated for resale without further processing, as well as sales of materials designated for production.

Revenues from sales of products and goods are recognized, if the following prerequisites have been met:

- The Group has transferred to the purchaser the significant risk and benefits resulting from rights of ownership of such goods or products,
- The Group has retained neither continuing managerial involvement in the goods or products sold to the degree usually associated with ownership nor effective control over the goods sold,
- the revenue amount can be reliably valuated,
- it is probable that the Group will attain economic benefits due to the transaction,
- the costs incurred and the costs to be incurred by the Group in association with the transaction can be reliably valuated.

The parent entity analyzed contracts concluded with customers from the perspective of application of IFRS 15 in the following categories:

Sales of royalties from sales of licenses for distribution of games

According to the standard, an entity granting licenses to its intellectual rights must determine whether the entity has the right to a license in a specific time interval or once, when the license is granted. In the case of the Group, recognition of revenues takes place upon transfer of intellectual rights by the distributor in a given reporting period. This means that revenues from sales of licenses are recognized in the sales period not earlier than after commencement of actual distribution of the game.

Sales with a right of return

The IFRS 15 standard also contains guidelines for sales with a right of return in situations, in which the customer has taken over control of the product, but is also entitled to return the product. The right of return pertains to some contracts with distributors of physical products, thus influencing variability of revenues, as the receipts from sales may change. As a result, the Group recognizes revenues from sale in the probable amount, taking into account the best estimates and historic data.

Advances received from customers

The Group receives short-term advances from customers for future sales of boxed games. The Group has booked these advances as a reduction in receivables and, upon issue of a pro forma sales invoice, recognized the revenues from sales. With reference to such short-term advances, the Group has applied the simplification provided for in IFRS 15 and shall not recognize the financing component

n) Costs

The Group prepares a profit and loss account in the functional variant. Costs are classified according to function.

The net financing costs include payable interest on debt, determined on the basis of the effective interest rate, interests payable on cash invested by the Company, dividends due, profits and losses on exchange differences and profits and losses on hedging instruments, which are recognized in the profit and loss account.

Revenues from interest are recognized in the profit and loss account on accrual basis, using the effective interest rate method. Revenues from dividends are recognized in the profit and loss account as the Group acquires the right to receive it. The component constituting the financing cost arising from financial lease charges is recognized in the profit and loss account using the effective interest rate method.

o) Tax

The obligatory tax charges include: the current tax (CIT) and the deferred tax. A current tax charge is calculated on the basis of the tax result (taxation basis) for a given financial year. Tax for the current period and the previous periods is recognized as a liability in the amount, in which it was not paid.

Tax profit (loss) differs from booked net profit (loss) due to a exclusion of revenues subject to taxation and costs constituting tax deductible expenses in future years and expense and revenue items, which will never be subject to taxation. 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.

Deferred income tax assets and deferred income tax provisions are valuated using taxation rates, which are expected to be applicable, when a given asset is realized or a provision is reversed, on the basis of tax rates (and tax regulations) that are legally or actually obligatory as of the balance sheet date.

The value of asset due to deferred tax is subject to analysis on each balance sheet date, and if the estimated future tax profits are not sufficient for realization of an asset or its part, a write-off is made. Deferred income tax assets and deferred income tax provisions are not discounted.

Deferred tax is recognized in the profit and loss account, unless it is applicable to items recognized directly in equity. In the latter case, deferred tax is also settled directly as equity. The Group Companies compensate assets due to deferred income tax with provisions for deferred income tax only when they have executable legal titles to conduct compensation of deferred income tax assets with deferred income tax provisions.

p) Transactions expressed in foreign currencies

Transactions executed in foreign currencies are translated to the functional currency using exchange rates applicable on the date of execution of these transactions in the following manner:

- in the case of sale of foreign currencies and repayment of receivables - at the exchange rate of purchase, applied by the bank rendering services on behalf of the Company,
- in the case of purchase of foreign currencies and repayment of liabilities - at the exchange rate of sale, applied by the bank rendering services on behalf of the Company,
- in the case of other transactions - according to the average exchange rate provided for a given currency by the National Bank of Poland, unless the customs documents provide for a different exchange rate.

Cash items recognized according to their historic cost expressed in a foreign currency are recognized as of the balance sheet date using the average exchange rate published by the National Bank of Poland as of the balance sheet date. Non-cash items recognized according to historic cost, expressed in a foreign currency, are presented at their exchange rate on the transaction execution date. Non-cash items recognized in their fair value, expressed in a foreign currency, are presented at their exchange rate, which were applicable on the date of determination of their fair value.

Positive and negative exchange rate differences based on settlement of transactions in foreign currencies and from conversion of cash assets and liabilities according to average exchange rates of the National Bank of Poland at the end of the year are recognized in the profit and loss account, except for cases of settlement in equity meeting the criteria for recognition of cash flow hedges.

q) Reporting of operating segments

According to IFRS 8, an operating segment is a separate component of the Company or the Group that delivers specific products or services (business segment) or delivery of products or services in a specific economic environment (geographic segment), which is subject to risks and obtains benefits different from those of other segments.

The Group identifies operating segments if all of the following prerequisites are met:

- a given component of the Entity engages in business activity, in association with which it may earn revenues and generate expenses;
- the results of operation of this component are reviewed on a regular basis by the Management of the Company to make decisions on resources allocated to the segment and assessment of results of operation of the segment;
- separate financial information is available for the component under analysis.

The Group has identified the following segments:

- Game production and sales;
- Publishing activity - conducted by subsidiary United Label S.A.

In accordance with the par. 13, IFRS 8, the Group discloses results per segments when at least one of the below conditions is met: i.e. (i) revenues from the operational segment exceeds 10% of joint revenues, including external clients and transfers between the segments, (ii) financial result of the segment, expressed in absolute values, accounts 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 accounts for 10% or more of total assets of all operational segments.

In addition, CI Games Capital Group presents revenues from sales as divided into the following segments:

- business segment - division into sales of products, goods and services;
- geographic segment - division of sales into areas: foreign and domestic markets.

Revenues from sales of products include sales of products manufactured by the Group and subject to its exclusive license rights due to their production, or subject to licenses acquired for their publishing and distribution.

Revenues from sales of services include revenues from services rendered by the Group on behalf of other entities.

Revenues from sales of goods include sales of products that have been purchased and designated for resale without further processing, as well as sales of materials designated for production.

The operating expenses are divided into:

- direct costs, which can be assigned to a given product or service or the value of goods or materials sold at their purchase price,
- indirect costs, which cannot be assigned directly to a specific product, such as general management costs, costs of sales, other operating expenses.

r) Discontinuing operations and fixed assets for sale

Directly prior to reclassification of assets for sale, valuation of assets (or all assets and liabilities designated for sale) is updated in accordance with the appropriate IFRS. Then, on the date of their initial classification as designated for sale, fixed assets or group for sale are recognized according to the lower of the following: their balance sheet value or fair value reduced by costs of effecting the sale.

Impairment recognized upon initial classification as held for sale is recognized in the profit and loss account, also in the case of revaluation. The same applies to profits and losses due to subsequent changes in value.

Discontinued operations are a part of activity of the Group, which constitutes a separate line of activity or a geographic segment or a subsidiary purchased exclusively for the purpose of resale.

Classification as discontinued operations takes place as a result of sale or as the operations fulfill the criteria for qualification in the group held for sale.

11. 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 Asset**s, 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 Asses and liabilities arising from a single transaction (effective for annual periods beginning on or after January 1st 2023).

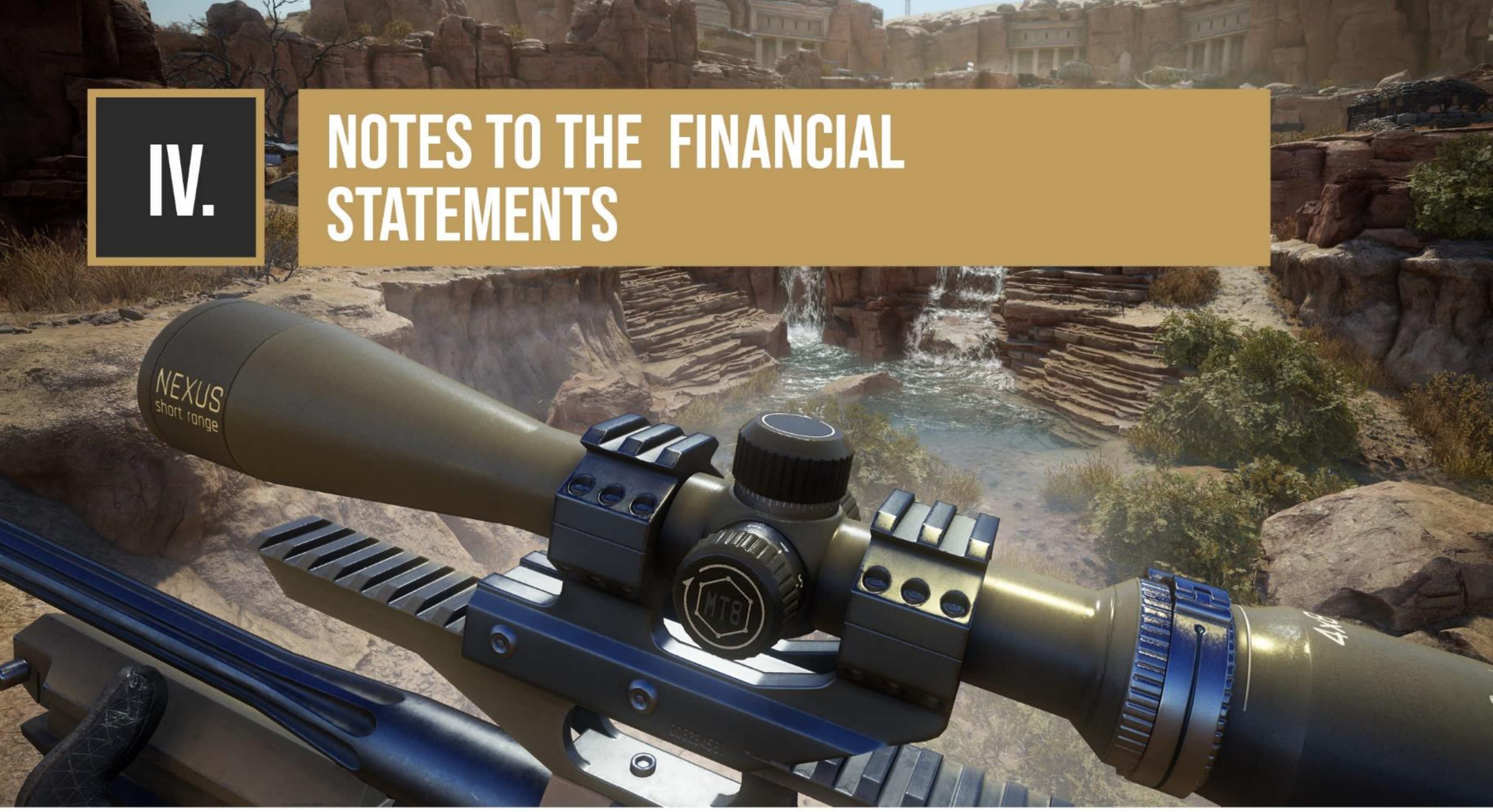
- **Amendments to IFRS 17 "Insurance contracts". Initial application of IFRS 17 and IFRS 9 Financial instruments** – comparative information. The standard is applicable to annual periods starting on January 1, 2023 or thereafter.

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.

12. Information about seasonality

Information about seasonality of the business is further described in the Management Report on the activities of CI Games Group in 2021 (Chapter II, point 6).

IV. NOTES TO THE FINANCIAL STATEMENTS



Note 1: Changes in the fixed assets by type group

For ther period from 1.01 to 31.12.2021	Buildings, premises and civil and water engineering structures, investments in fixed assets	Technical equipment and machines	Vehicles	Other fixed assets	Fixed assets in progress	Total
Gross value as of 01.01.2021	**-**	**2,117**	**-**	**32**	**3**	**2,152**
increases:	**115**	**1,355**	**856**	**150**	**10**	**2,486**
- acquisition	115	1,342	-	150	10	1,617
- transfer	-	13	856	-	-	869
- other	-	-	-	-	-	-
Decreases:	**-**	**-**	**-**	**-**	**(13)**	**(13)**
- liquidation	-	-	-	-	-	-
- transfer	-	-	-	-	(13)	(13)
- other	-	-	-	-	-	-
Gross value as of 31.12.2021	**115**	**3,472**	**856**	**182**	**-**	**4,625**
Cumulated depreciation	**-**	**1,687**	**-**	**28**	**-**	**1,715**
Increases:	**6**	**454**	**664**	**12**	**-**	**1,136**
- depreciation	6	454	171	12	-	643
- transfer	-	-	493			493
Decreases:	**-**	**-**	**-**	**-**	**-**	**-**
- liquidation, sale	-	-	-	-	-	-
- other	-	-	-	-	-	-
Cumulated depreciation as of 31.12.2021	**6**	**2,141**	**664**	**40**	**-**	**2,851**
Net value						
As of 01.01.2021	**-**	**430**	**-**	**4**	**3**	**437**
As of 31.12.2021	**109**	**1,331**	**192**	**142**	**-**	**1,774**

For ther period from 1.01 to 31.12.2020	Buildings, premises and civil and water engineering structures	Technical equipment and machines	Vehicles	Other fixed assets	Fixed assets in progress	Total
Gross value as of 01.01.2020	-	**1,931**	-	**52**	**7**	**1,990**
increases:	-	**302**	-	-	**3**	**305**
- acquisition	-	302	-	-	3	305
- transfer	-	-	-	-	-	-
- other	-	-	-	-	-	-
Decreases:	-	**(116)**	-	**(20)**	**(7)**	**(143)**
- liquidation	-	(116)	-	(20)	-	(136)
- transfer	-	-	-	-	(7)	(7)
- other	-	-	-	-	-	-
Gross value as of 31.12.2020	-	**2,117**	-	**32**	**3**	**2,152**
Cumulated depreciation	-	**1,575**	-	**39**	-	**1,614**
Increases:	-	**217**	-	**9**	-	**226**
- depreciation	-	217	-	9	-	226
Decreases:	-	**(105)**	-	**(20)**	-	**(125)**
- liquidation, sale	-	(105)	-	(20)	-	(125)
- other	-	-	-	-	-	-
Cumulated depreciation as of 31.12.2020	-	**1,687**	-	**28**	-	**1,715**
Net value						
As of 01.01.2020	-	**356**	-	**13**	**7**	**376**
As of 31.12.2020	-	**430**	-	**4**	**3**	**437**

Note 2: Changes in value of intangible assets according to type group and advances for intangible assets

For the period from 01.01 to 31.12.2021	Costs of completed development projects	Costs of development projects work in progress	Copyrights, licenses, concessions	Rights to press titles, Rights to distribution	Other intangible assets	Advances for intangible assets	Total
Gross value as of 01.01.2021	**189,038**	**43,230**	**200**	**966**	**2,295**	**3,237**	**238,966**
increases:	**22,423**	**41,688**	-	**4,819**	**11**	**1,978**	**70,919**
- acquisition	-	-	-	4,819	11	1,978	6,808
- transfer	22,423	-					22,423
- produced internally	-	41,688	-	-	-	-	41,688
decreases:	**(2,040)**	**(22,423)**	-	-	-	**(4,938)**	**(29,401)**
- liquidation	-		-	-		-	-
- transfer	-	(22,423)	-	-	-	(4,938)	(27,361)
- impairment allowance	(2,040)		-	-	-	-	(2,040)
Gross value as of 31.12.2021	**209,421**	**62,495**	**200**	**5,785**	**2,306**	**277**	**280,484**
Cumulated amortization as of 01.01.2021	**177,890**	-	**200**	**178**	**1,711**	-	**179,979**
increases:	**18,447**	-	-	**768**	**331**	-	**19,546**
- amortization	18,447	-	-	768	331	-	**19,546**
decreases:	-	-	-	-	-	-	-
- liquidation	-	-	-	-	-	-	-
Cumulated amortization as of 31.12.2021	**196,337**	-	**200**	**946**	**2,042**	-	**199,525**
NBV:							
As of 31.12.2020	**11,148**	**43,230**	-	**788**	**584**	**3,237**	**58,987**
As of 31.12.2021	**13,084**	**62,495**	-	**4,839**	**264**	**277**	**80,959**

In 2021, the increases on the Development projects amounted to PLN 41,688 thousand and related mainly to investments on the games *Sniper Ghost Warrior Contracts 2*, *Sniper Ghost Warrior Next* and *Lords of the Fallen 2*.

For the period from 01.01 to 31.12.2020	Costs of completed development projects	Costs of development projects work in progress	Copyrights, licenses, concessions	Rights to press titles, Rights to distribution	Other intangible assets	Advances for intangible assets	Total
Gross value as of 01.01.2020	189,038	22,653	200	51	2,207	1,943	216,092
increases:	-	20,577	-	915	90	2,209	23,791
- acquisition	-	-	-	915	90	2,209	3,214
- produced internally	-	20,577	-	-	-	-	20,577
decreases:	-		-	-	(2)	(915)	(917)
- liquidation	-	-	-	-	(2)	-	(2)
- transfer	-	-	-	-	-	(915)	(915)
- impairment allowance	-	-	-	-	-	-	-
Gross value as of 31.12.2020	189,038	43,230	200	966	2,295	3,237	238,966
Cumulated amortization as of 01.01.2020	159,682	-	200	51	1,331	-	161,264
increases:	18,208	-	-	127	382	-	18,717
- amortization	18,208	-	-	127	382	-	18,717
decreases:	-	-	-	-	2	-	2
- liquidation	-		-	-	2	-	2
Cumulated amortization as of 31.12.2020	177,890	-	200	178	1,711	-	179,979
NBV:							
As of 31.12.2019	29,356	22,653	-	-	876	1,943	54,828
As of 31.12.2020	11,148	43,230	-	788	584	3,237	58,987

Note 3: Right-to-use asset

The tables below present movements in the fixed assets classified in accordance with IFRS 16.

For the period from 01.01 to 31.12.2021	Contract for lease of office space	Vehicles	Total
Gross value as of 01.01.2021	6,579	856	7,435
Decreases	1,608	856	2,464
Cumulated amortization	580	-	580
As of 31.12.2021	4,391	-	4,391

As of 31.12.2021 Right-to-use asset related to the office rental contract concluded between the Company and Ghelamco GP 11 spółka z ograniczoną odpowiedzialnością THE HUB spółka komandytowo-akcyjna with the seat in Warsaw for 60 months. Amortization of this asset started at the rental's commencement.

For the period from 01.01 to 31.12.2020	Contract for lease of office space	Vehicles	Total
Gross value as of 01.01.2020	634	856	1,490
Increases	5,945	-	5,945
Cumulated amortization	458	493	951
NBV as of 31.12.2020	6,121	363	6,484

Note 4: Long- and short-term investments

GRANTED LOANS	as of 31.12.2021 PLN'000	as of 31.12.2020 PLN'000
Granted loans	61	431
Total loans	**61**	**431**

As of 31.12.2021 short-term investments included interest on the loan granted to CI Games Bucharest Studio S.R.L. The loan contract was concluded on 29.09.2020 between CI Games S.A. and its subsidiary CI Games Bucharest Studio S.R.L. up to amount of EUR 170 thousand; the interest rate equaled 3M EURIBOR increased by margin. As of 31.12.2021 the loan was repaid and the loan balance of PLN 61 thousand relates to interest.

Note 5: 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 Group 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.

The Group monitors revenues' forecasts including taxable income, which enables to utilize tax losses in the future.

DEFERRED TAX	as of 31.12.2021 PLN'000	as of 31.12.2020 PLN'000
Deferred tax assets		
Opening value	**3,229**	**5,949**
Including assets compared to the financial result	**(3,229)**	**(5,949)**
Increases recognised in financial result	**3,643**	**3,229**
Cost provision	735	20
Receivables valuation allowances	-	48
Provision for returns	292	59
Inventory impairment	-	-
Exchange differences	61	109
Tax losses	2,434	2,978
Difference between the balance-sheet and tax value	121	10
accrued interest on the loan	-	5
Decreases compared to the financial result	**(3,229)**	**(5,949)**
Closing value	**3,643**	**3,229**
Deferred tax provisions		
Opening value	**2,306**	**6,205**
Including assets compared to the financial result	**(2,306)**	**(6,205)**
Increases compared to the financial result	**2,914**	**2,306**
Valuation for returns	-	6
Leasing	-	52
Exchange differences	317	39
compensation	-	61
difference between the balance-sheet and tax value of tangible fixed assets	2,597	2,148
other	-	-
Decreases compared to the result	**(2,306)**	**(6,205)**
Closing value	**2,914**	**2,306**

Note 6: Inventory – structure and ageing

INVENTORIES	as of 31.12.2021 PLN'000	as of 31.12.2020 PLN'000
Materials	691	393
Finished products	2,496	1,403
Goods	-	-
Total gross inventories	**3,187**	**1,796**
Impairment allowance	**(573)**	**(220)**
Total net inventories	**2,614**	**1,576**

INVENTORIES - AGING	as of 31.12.2021 PLN'000	as of 31.12.2020 PLN'000
0 - 90 days	1866	592
91 - 180 days	353	128
181 - 360 days	263	288
above 360 days	705	788
Impairment allowance	**(573)**	**(220)**
Total net inventories	**2,614**	**1,576**

In the opinion of the Management, all inventory that are not subject to an impairment allowance represent a recoverable value higher than their book value.

Note 7: Trade and other receivables

Short term trade and other receivables	as of 31.12.2021 PLN'000	as of 31.12.2020 PLN'000
Trade receivables from related entities	-	119
Trade receivables from other entities	13,404	6,969
up to 12 months	13,404	6,969
above 12 months	-	-
Trade receivables	**13,404**	**7,088**
Impairment allowance for trade receivables	(260)	(255)
Net trade receivables	**13,144**	**6,833**
Advance payments granted	**34**	**67**
Other short term receivables		
Tax receivables (excluding income tax)	2,073	1,834
Other settlements with employees	-	1
Securities and deposits	497	228
Other settlements	845	1,126
Prepayments		
Insurance	131	132
Licenses	133	224
Costs of games' porting on platforms	329	36
Other prepayments	54	23
Other short term receivables	**4,062**	**3,604**
Trade and other short term receivables	**17,240**	**10,504**

As of 31.12.2021 r. Other assets comprised of the following items:

- Tax receivables (PLN 2,073 thousand) includes mainly VAT receivables;
- Securities and deposits (PLN 497 thousands) includes mainly a deposit related to the office rental;

- Other settlements include mainly balance with EP Office 1 Sp. z o.o. concerning unduly collected bank guarantees for the total amount of PLN 795 thousand (EUR 173 thousand). The Management Board is of opinion that the evidence gathered, procedural documentation and legal arguments make it possible to assume that probability of winning of this case is high, and thus establishment of an allowance for these receivables is not justified.

RECEIVABLES - AGING	as of 31.12.2021 PLN'000	as of 31.12.2020 PLN'000
current	7,156	4,738
overdue:	6,248	2,350
1 - 30 days	1,763	67
31 - 90 days	1,106	191
91 - 180 days	1,446	149
above 180 days	1,933	1,943
Impairment allowance	(260)	(255)
Net trade receivables	**13,144**	**6,833**

Overdue receivables included mainly balances due from related party CI Games USA Inc.

(NET) RECEIVABLES - CURRENCY STRUCTURE	as of 31.12.2021	as of 31.12.2020
PLN	1,392	1,109
EUR	1,076	538
GBP	17	24
USD	1,652	830
RON	3	-

Note 8: Tax receivables

	as of 31.12.2021 PLN'000	as of 31.12.2020 PLN'000
Corporate income tax receivables	-	-
Corporate income tax receivables	3,587	432

As of 31.12.2021, tax receivables included current corporate income tax and corporate income tax related to tax correction for 2020.

Note 9: Cash and cash equivalent

CASH AND CASH EQUIVALENTS	as of 31.12.2021 PLN'000	as of 31.12.2020 PLN'000
Bank accounts	37,788	28,205
Short-term deposits	51	-
Cash in hand	4	2
Total cash and cash equivalents	**37,843**	**28,207**

Note 10: Share capital of Dominant entity

As of 31.12.2021, 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
TOTAL	**182,943,015**	**1,829**	

Note 11: 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
TOTAL	**82,943,015**	**93,798**
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)
As of 31.12.2021		**74,484**

Note 12: Other reserve capital

Other reserve capital comprises of: “Reserve capital for purchase own shares”, “Foreign exchange differences from translations” and “Other reserve capital”.

The amount of reserve capital for purchase of treasury shares as of 31.12.2021 amounted to PLN 16,000,000 (31.12.2020: PLN 16,000,000).

General Meeting of CI Games S.A. of 08.11.2010 in association with a resolution passed on the same day on approval of purchase by the Company of treasury shares. The capital was established by transfer from supplementary capital of the Company of amounts, which in accordance with art. 348 par. 1 of the Code of Commercial Companies may be distributed among the shareholders.

Until the date of preparation of the financial statements, no acquisition of treasury shares by CI Games has taken place.

Note 13: Credit, loan and financial lease liabilities

LOAN LIABILITIES	as of 31.12.2021 PLN'000	as of 31.12.2020 PLN'000
Liabilities due to financial lease - the short-term component	955	324
Liabilities due to financial lease - the long-term component	3,925	5,867
Liabilities due to credits, including overdraft facilities	13	33
TOTAL	**4,893**	**6,224**

Finance lease liability related mainly to IFRS 16 implementation and recognition of the respective asset and liability resulting from the office space rental.

As of 31.12.2021 and 31.12.2020, the Group did not have any loan liabilities nor debt securities. As of the end of 2021 and 2020, the loan liabilities balance related to business credit cards.

Note 14: Trade and other liabilities

LIABILITIES - STRUCTURE	as of 31.12.2021 PLN'000	as of 31.12.2020 PLN'000
Trade liabilities to related entities	18	-
Trade liabilities to other entities	3,243	3,169
up to 12 months	3,243	3,169
above 12 months	-	-
Trade liabilities	**3,261**	**3,169**
Tax liabilities excluding corporate income tax	1,529	504
Other liabilities	182	82
Trade liabilities	**1,711**	**586**
Deferred income	**-**	**596**
Total short term trade and other liabilities	**4,972**	**4,351**

LIABILITIES - CURRENCY STRUCTURE	as of 31.12.2021 PLN'000	as of 31.12.2020 PLN'000
PLN	402	602
EUR	214	235
GBP	117	48
USD	270	329
SEK	304	-

LIABILITIES - AGING	as of 31.12.2021 PLN'000	as of 31.12.2020 PLN'000
Current	**2,063**	**3,223**
overdue:	**1,198**	**(54)**
1 - 30 days	948	(371)
31 - 90 days	197	92
91 - 180 days	4	165
above 180 days	49	60
Trade liabilities	**3,261**	**3,169**

Note 15: Other short term provisions

OTHER PROVISIONS	as of 31.12.2021 PLN'000	as of 31.12.2020 PLN'000
Provisions for audit of balance sheet	142	119
Provisions for non-invoiced costs	711	460
Provisions for marketing costs	85	-
Provisions for unused holidays	173	103
Other provisions	3,072	180
Total other short-term provisions	**4,183**	**862**

Provisions for retirement benefits have not been established due to low average age average age of employees and the resulting immaterial value of provisions.

As of 31.12.2021 Other provisions included mainly provisions for employees' bonuses.

Note 16: Financial assets and liabilities - classification and valuation

Upon analysis of individual classes of financial instruments, the Management Board decided that the balance sheet value of instruments did not depart significantly from their fair value both on 31.12.2021 and 31.12.2020.

Financial assets and liabilities - classification and measurement	as of 31.12.2021 PLN'000	as of 31.12.2020 PLN'000
Financial assets valued according to amortized cost		
Trade receivables	13,144	6,833
Cash and cash equivalents	37,843	28,207
Financial assets valued according to fair value		
Unlisted stocks and shares	-	-
Total financial assets	**50,987**	**35,040**
Financial liabilities are measured at amortized cost		
Trade liabilities	3,261	3,169
Financial liabilities	4,893	6,224
Total financial liabilities	**8,154**	**9,393**

The Group is exposed to the following types of risk due to use of financial instruments:

Credit risk, cash flow risk

Credit risk is associated with a risk of financial loss in a situation, when the other party to the contract for a financial instrument has failed to meet the obligations based on the contract. This risk is related mainly to trade receivables and loans granted.

At present, the Group applies no insurance for trade receivables. The risk of impairment of these financial instruments is secured by cooperation with business partners in a stable financial condition and ongoing monitoring of this cooperation. Moreover, there are no substantial delays in settlement of receivables of the Group.

The currency risk

Liabilities and receivables resulting from current operations have emerged mainly in currencies other than Polish zloty, which is the functional currency and the presentation currency. The Issuer uses liabilities in currencies other than the functional currency as a security for the exchange rate risk due to receivables in foreign currencies.

In 2021, most revenues of the Capital Group were generated mainly in two currencies: Euro and American dollars. The parent entity secures itself against the foreign currency risk by incurring liabilities in these currencies. As of 31.12.2021, the Company had open two forward contracts for sales of USD 600 thousand with the execution term of January – February 2022.

Interest rate risk

Currently, the Group does not have any loans.

Sensitivity analysis

The table below presents the impact of a change by 10% of the exchange rates of EUR and USD on the balance of receivables, liabilities and cash as of 31.12.2021.

FINANCIAL INSTRUMENTS - SENSITIVITY	as of 31.12.2021 PLN'000	+/- 10% PLN/EUR PLN'000	+/- 10% PLN/USD PLN'000
Receivables	13 144	495	671
Liabilities	3 261	98	110
Cash	37 843	1 176	227

Interest rate risk

The interest rates depended on LIBOR and WIBOR interbank rates and thus on the risk of interest rates of the entire economic systems. The Group does not applies no hedging instruments with regard to this type of risk.

Price risk

The Company secures itself against a drop in value of financial instruments and the risk of decrease in associated cash flows by conducting sales in many countries and economic systems. This secures the Company against economic fluctuations on a single market. The Group enhances its product range by introducing new and better products and products for new consoles, develops it products range and strengthens its competitive advantage. Careful selection of distributors and assessment of their financial standing also allows for reduction of the price risk.

Risk of new game titles

Activity of the Company is focused on production of computer games. Computer game production requires substantial expenditures for development projects and marketing costs, which limits the Group's ability to diversify the risk and distribute it among different products (titles). As a result, there is risk concentration in the relatively few game titles that are scheduled to release at a given time. As a result of such risk concentration, in the case of insufficient sales of a game, the company is exposed to the risk of a significant decrease in revenues from sales, net results and liquidity problems.

Note 17: 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. Due to the fact that in 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.

In 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. The tables below present:

- CI Games Group – stands for CI Games 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 S.A. and United Label S.A.

Consolidated Balance sheet split per segments as of 31.12.2021	CI GAMES GRUPA	UNITED LABEL	Consolidation eliminations	Total
Non-current assets	**85,605**	**5,471**	**(309)**	**90,767**
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
Long term investmens	100	-	(100)	-
Deferred tax asset	3,496	237	(90)	3,643
Long term receivables	-	-		-
Current assets	**59,101**	**3,893**	**(1,649)**	**61,345**
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
Current assets other than assets or diposal classified as held for sales or as held for distribution to owners	59,101	3,893	(1,649)	61,345
Non-current assets classified as held for sale or as held for distribution to owners	-	-	-	-
Total assets	**144,706**	**9,364**	**(1,958)**	**152,112**

Consolidated Balance sheet split per segments as of 31.12.2021	CI GAMES GRUPA	UNITED LABEL	Consolidation eliminations	Total
EQUITY	**127,750**	**7,578**	**(219)**	**135,109**
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
Equity attributable to owners of the Parent	126,074	7,578	(247)	133,405
Equity attributable to non-controlling interests	1,676	-	28	1,704
LIABILITIES	**16,956**	**1,786**	**(1,739)**	**17,003**
Non-current liabilities	**6,927**	**2**	**(90)**	**6,839**
Loans, credit and other debt intsruments	-	-	-	-
Finance lease liabilities	3,925	-	-	3,925
Deferred income tax provision	3,002	2	(90)	2,914
Current liabilities	**10,029**	**1,784**	**(1,649)**	**10,164**
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
Current liabilities other than liabilities included in disposal groups classified as held for sale	**10,029**	**1,784**	**(1,649)**	**10,164**
Liabilities included in disposal groups classified as held	**-**	**-**	**-**	**-**
Total equity and liabilities	**144,706**	**9,364**	**(1,958)**	**152,112**

Consolidated P&L per sgements for 2021	CI GAMES GRUPA	UNITED LABEL	Consolidation eliminations	Total
Continuing operations				
Net revenue from sales	**96,272**	**10,856**	**(1,600)**	**105,528**
Costs of products, goods and services sold	**(38,630)**	**(2,340)**	**1,368**	**(39,602)**
Gross profit (loss) on sales	**57,642**	**8,516**	**(232)**	**65,926**
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	(5)	-	-	**(5)**
Profit (loss) on operating activities	**34,541**	**5,707**	**19**	**40,267**
Financial revenues	2,873	-	(90)	**2,783**
Financial expenses	(190)	(94)	53	**(231)**
Profit (loss) before tax	**37,224**	**5,613**	**(18)**	**42,819**
Income tax	(3,356)	(1,120)		**(4,476)**
Profit (loss) on continuing operations	**33,868**	**4,493**	**(18)**	**38,343**
Discontinued operations	-	-	-	-
Loss from discontinued operations	-	-	-	-
Net profit (loss)	**33,868**	**4,493**	**(18)**	**38,343**
- 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**

Consolidated Balance sheet split per segments as of 31.12.2020	CI GAMES GRUPA	UNITED LABEL	Consolidation eliminations	Total
Non-current assets	**69,711**	**4,409**	**(4,983)**	**69,137**
Property, plant and equipment	437	-	-	437
Intangible assets	54,962	4,126	(101)	58,987
Right-to-use asset	6,484	-	-	6,484
Shares in subsdiaries	100	-	(100)	-
Long term investmens	4,782	-	(4,782)	-
Deferred tax asset	2,946	283	-	3,229
Long term receivables	-	-		-
Current assets	**37,949**	**3,794**	**(593)**	**41,150**
Inventory	1,576	-	-	1,576
Current investments	431	-	-	431
Trade and other receivables	10,270	827	(593)	10,504
Tax receivables	432	-	-	432
Cash and cash equivalents	25,240	2,967	-	28,207
Current assets other than assets or diposal classified as held for sales or as held for distribution to owners	**37,949**	**3,794**	**(593)**	**41,150**
Non-current assets classified as held for sale or as held for distribution to owners	**-**	**-**	**-**	**-**
Total assets	**107,660**	**8,203**	**(5,576)**	**110,287**

Consolidated Balance sheet split per segments as of 31.12.2020	CI GAMES GRUPA	UNITED LABEL	Consolidation eliminations	Total
	93,660	**3,085**	**(201)**	**96,544**
Share capital	1,829	128	(128)	1,829
Share premium	74,484	4,169	-	78,653
Other reserve capital	16,407	-	-	16,407
Retained earnings	799	(1,212)	(101)	(514)
including profit for the period	6,837	183	(61)	6,959
Equity attributable to owners of the Parent	100,356	3,268	(290)	103,334
Equity attributable to non-controlling interests	141	-	28	169
LIABILITIES	**14,000**	**5,118**	**(5,375)**	**13,743**
Non-current liabilities	**8,173**	**4,782**	**(4,782)**	**8,173**
Loans, credit and other debt intsruments	-	4,782	(4,782)	-
Finance lease liabilities	5,867	-	-	5,867
Deferred income tax provision	2,306	-	-	2,306
Current liabilities	**5,827**	**336**	**(593)**	**5,570**
Borrowings including credits, loans and other debt instruments	33	-	-	33
Income tax liabilities	-	-	-	-
Trade liabilities and other liabilities	4,611	333	(593)	4,351
Finance lease liabilities	324	-	-	324
Other current provisions	859	3	-	862
Current liabilities other than liabilities included in disposal groups classified as held for sale	**5,827**	**336**	**(593)**	**5,570**
Liabilities included in disposal groups classified as held	**-**	**-**	**-**	**-**
Total equity and liabilities	**107,660**	**8,203**	**(5,576)**	**110,287**

Consolidated P&L per sgements for 2020	CI GAMES GRUPA	UNITED LABEL	Consolidation eliminations	Total
Continuing operations				
Net revenue from sales	**45,117**	**1,008**	**(115)**	**46,010**
Costs of products, goods and services sold	**(26,552)**	**(134)**	**3**	**(26,683)**
Gross profit (loss) on sales	**18,565**	**874**	**(112)**	**19,327**
Other operating revenues	1,336	-	(5)	**1,331**
Selling costs	(5,277)	(583)	84	**(5,776)**
General and administrative costs	(5,178)	(337)	36	**(5,479)**
Other operating expenses	(674)	-	-	**(674)**
Impairment loss/impairment gain and reversal of impairment loss	-	-	-	**-**
Profit (loss) on operating activities	**8,772**	**(46)**	**3**	**8,729**
Financial revenues	304	-	(111)	**193**
Financial expenses	(383)	(54)	47	**(390)**
Profit (loss) before tax	**8,693**	**(100)**	**(61)**	**8,532**
Income tax	(1,718)	283		**(1,435)**
Profit (loss) on continuing operations	**6,975**	**183**	**(61)**	**7,097**
Discontinued operations	-	-	-	-
Loss from discontinued operations	-	-	-	-
Net profit (loss)	**6,975**	**183**	**(61)**	**7,097**
- net profit (loss) attributable to equity owners of the Parent	6,837	-	-	**6,837**
- net profit (loss) attributable to non-controlling interest	138	-	-	**138**

Note 18: Net revenues from sales of products

The breakdowns of the Group's revenues into sales of physical products and digital one, and geographical are presented below:

The structure of the Groups' sales in value terms:

Sales structure	2021	2020
Console games	64%	67%
PC Games	36%	33%

The structure of the Group's net revenues from products in value terms (data in thousand PLN)::

Revenues	2021	% share	2020	% share
Sales of physical products	32,891	31%	11,617	25%
Digital sales	72,296	69%	34,365	75%
Other sales	341	-	29	-
Razem	**105,528**	**100%**	**46,010**	**100%**

Share of export in the Group's revenues (data in thousand PLN):

Revenues	2021	2020
Export	104,041	45,800
share (%)	*99%*	*100%*
Domestic	1,487	210
udział (%)	1%	0%
Total	**105,528**	**46,010**

Note 19: Costs by type

COSTS ACCORDING TO TYPE	for the period from 1.01 to 31.12.2021 PLN'000	for the period from 1.01 to 31.12.2020 PLN'000
Amortization	20,172	19,090
Consumption of materials and energy	619	242
External services	26,013	8,945
Taxes and charges	120	55
Employee benefits	4,214	3,118
Other costs	1,603	2,114
Costs according to type	**52,741**	**33,564**
Selling costs	(16,349)	(5,777)
General and administration costs	(7,733)	(5,479)
Value of products sold	10,943	4,375
Cost of products sold	**39,602**	**26,683**

EMPLOYEES BENEFITS	for the period from 1.01 to 31.12.2021 PLN'000	for the period from 1.01 to 31.12.2020 PLN'000
Payroll	3,310	2,580
Social insurance	415	299
Other employees benefits	489	239
Total employees benefits	**4,214**	**3,118**

Nota 20: Other operating revenues

OTHER OPERATING REVENUE	for the period from 1.01 to 31.12.2021 PLN'000	for the period from 1.01 to 31.12.2020 PLN'000
Reversal of impairment allowance for inventories	147	-
Compensations	277	-
Written-off liabilities	-	412
Re-invoicing	57	49
Stocktaking differences	21	-
Lease	24	112
Other	714	741
Total other operating revenues	**1,240**	**1,314**

Nota 21: Other operating costs

OTHER OPERATING EXPENSES	for the period from 1.01 to 31.12.2021 PLN'000	for the period from 1.01 to 31.12.2020 PLN'000
Impairment loss on inventories	500	199
Liquidation of inventories and fixed assets	147	23
Impairment loss on intangible assets	2,040	-
Written-off receivables	-	30
Re-invoicing	64	81
Stocktaking differences	14	-
Legal costs	-	254
Withholding tax as a cost	14	29
Other	33	58
Total other operating costs	**2,812**	**674**

Impairment loss related to older mobile games – this is a non cash item, which does not have impact on the cash flow of the Company.

Note 22: Impairment loss/gain and reversal of impairment loss

IMPAIRMENT LOSS/GAIN AND REVERSAL OF IMPAIRMENT LOSS	for the period from 1.01 to 31.12.2021 PLN'000	for the period from 1.01 to 31.12.2020 PLN'000
Reversal of impairment allowance for receivables	2	18
Impairment allowance for receivables	(7)	-
Impairment loss/ gain and reversal of impairment loss	**(5)**	**18**

Note 23: Finance revenues and costs

FINANCIAL REVENUES AND EXPENSES	for the period from 1.01 to 31.12.2021 PLN'000	for the period from 1.01 to 31.12.2020 PLN'000
Interest charged	60	2
Positive net exchange rate differences	2,723	139
Total financial revenue	**2,783**	**141**
Interest charged	94	127
Negative net exchange rate differences	33	-
Commission fees and other charges	-	201
Other finance costs	104	10
Total financial expenses	**231**	**338**

Note 24: Income tax

INCOME TAX	for the period from 1.01 to 31.12.2021 PLN' 000	for the period from 1.01 to 31.12.2020 PLN' 000
Gross profit (loss)	**42,819**	**8,532**
Current income tax	(4,107)	(2,614)
Change of estimates	764	-
Deferred tax:	(1,133)	1,179
Decrease/increase in the deferred tax asset	(525)	(2,721)
Decrease/increase the provision for deferred tax	(608)	3,900
Total income tax	(4,476)	(1,435)
Net profit (loss)	**38,343**	**7,097**

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.
- Change of estimates relates to correction of CIT for 2020.
- 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.

In 2021, the Company generated taxable income, and therefore it was able to utilize partial tax losses from 2017 and 2018.

Deferred tax comprised of the following items:

- reduction of the deferred tax asset balance by the amount of PLN 525 thousand mainly due to utilization of tax losses from previous years; and
- increase of the deferred tax provision balance by the amount of PLN 608 thousand, resulting mainly from the decreasing difference between the tax and book value of development works.

Calculation of deferred tax and liability is presented in the Note 5.

Note 25: Financial instruments

Based on the fair value measurement methods applied, the Group classifies its individual financial assets and liabilities according to the following levels (fair value hierarchy):

Level 1: Financial assets and liabilities whose fair values are measured directly on the basis of quoted prices (used without adjustment) from active markets for identical assets or liabilities.

Level 2: Financial assets and liabilities whose fair values are measured using measurement models when all significant input data is observable on the market either directly (unadjusted market prices) or indirectly (data based on market prices).

Level 3: Financial assets and liabilities whose fair values are measured using measurement models when the input data is not based on observable market data (unobservable input data).

	as of 31.12.2021	as of 31.12.2020
Financial instruments at fair value through profit or loss	PLN'000	PLN'000
Forward contracts - USD	104	-

Dominant entity uses currency forward contracts to hedge against foreign currency changes. These instruments are classified as financial assets measured at fair value through profit or loss (Level 2 in the fair value hierarchy).

Note 26: Effective tax rate

The effective tax rate for 2020 related to calculations including Corporate Income Tax correction of CI Games S.A. for this year.

EFFECTIVE TAX RATE	for the period from 1.01 to 31.12.2021 PLN'000	for the period from 1.01 to 31.12.2020 PLN'000
Profit/ loss before tax	42,819	8,532
Revenues increasing the tax base	690	729
Non-deductible expenses	25,978	20,471
Tax deductible expenses not included in balance-sheet costs	(22,907)	(431)
19% tax base	34,409	14,352
5% tax base	12,171	14,949
Tax losses	(15,556)	(8,156)
Income tax based on tax rate 19%	3,543	1,029
Income tax based on tax rate 5%	609	747
Effective tax rate	**8.9%**	**6.1%**

Note 27: Earnings per share

The consolidated net profit of CI Games Capital Group per one share outstanding as of 31.12.2021 (number of shares was calculated as weighted average number of shares being traded in 2021) is PLN 0.20.

Earnings per share	2021 PLN'000	2020 PLN'000
Basic earnings /loss per share	0.20	0.04
from continued operations	0.20	0.04
from discontinued operations	-	-
Diluted earnings/loss per share	0.20	0.04
from continued operations	0.20	0.04
from discontinued operations	-	-
Weighted average number of shares	182,943	167,754
Weighted average diluted number ofshares	**182,943**	**167,754**

Note 28: Distribution of net profit for 2020 and net profit for 2021

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 on the supplementary capital.

Note 29: Transactions with related parties

The transactions were executed with related entities on the basis of market conditions.

Transactions in 2021 and balances as of 31.12.2021 Entity	COSTS* PLN thousand	REVENUES PLN thousand	RECEIVABLES PLN thousand	LIABILITIES PLN thousand
CI Games USA Inc.	4,078	15,093	22,466	4,078
Business Area Sp. z o.o.	-	1	1	-
Business Area Sp. z o.o. Sp.J.	-	(92)	(818)	-
CI Games S.A. Sp. J.	(1)	1	-	191
United Label S.A.	8,797	349	292	1,356
CI Games UK Limited	2,528	-	1,839	-
CI Games BUCHAREST STUDIO SRL	89	60	61	18
CI Games Mediterranean Projects	28,458	387	6,387	5,169
TOTAL	**43,949**	**15,799**	**30,228**	**10,812**

**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 in 2021 and balances as of 31.12.2021 Entity	COSTS PLN thousand	REVENUES PLN thousand	RECEIVABLES PLN thousand	LIABILITIES PLN thousand
Fine Dining Sp. z o.o.	5	-	168	-
TOTAL	**5**	**-**	**168**	**-**

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

Transactions in 2021 and balances as of 31.12.2021 Entity	COSTS PLN thousand	REVENUES PLN thousand	RECEIVABLES PLN thousand	LIABILITIES PLN thousand
Marek Tymiński	60	-	-	-
TOTAL	**60**	**-**	**-**	**-**

Note 30: Information about employment in CI Games Group

STRUCTURE OF EMPLOYMENT	as of 31.12.2021	as of 31.12.2020
Production employees	124	76
Sales & Marketing and Administration	33	24
Total employment	**157**	**100**

* The data provided includes long-term collaborators of the Group, who directly and personally contribute to its functioning regardless of the legal basis for their employment (contract of employment, contract to perform a specified task, contract of mandate, service contract, other legal relationships of similar nature) and the length of the planned period of cooperation (unlimited period, limited period, trial

Note 31: Remuneration of the Management Board Members and Supervisory Board Members

Remuneration of the Management Board (in the Group) in 2021:

Name	Position	Annual gross remunaration in the Group (PLN)
Marek Tymiński	President of the Board	1,344,775
Monika Rumianek	Board member	288,394

Remuneration of the Supervisory Board members in 2021:

Name	Position	Annual gross remunaration (PLN)
Ryszard Bartkowiak	President of the Supervisory Board	16,000
Marcin Garliński	Member of the Supervisory Board	12,000
Grzegorz Leszczyński	Member of the Supervisory Board	12,000
Rafał Berliński	Member of the Supervisory Board	12,000
Krzysztof Kaczmarczyk	Member of the Supervisory Board until 06.12.2021	6,000
Adam Niewiński	Member of the Supervisory Board from 06.12.2021	3,000
Total		**61,000**

Note 32: Events after the balance sheet date

As the consequence of the war in Ukraine, which started after the balance sheet date, the Management evaluated political and economical situation on the financial results of the Group.

Due to limited sales exposure on the Russian and Belarus markets, the Management does not perceive significant uncertainty related to these circumstances, which would flag the risk of continuance of the Group's business or negative impact on its future financial results.

Note 33: Conditional liabilities and conditional assets

As of 31.12.2021, the Company had the following contingent liabilities:

- two forward contracts for sales of USD 0.3 million at an exchange rate of PLN/USD 3.8910 with an execution period January - February 2022;
- two forward contracts for sales of USD 0.3 million at an exchange rate of PLN/USD 3.9025 with an execution period January - February 2022.

As of the date of this report, the Group did not have any other contingent liabilities nor conditional assets.

Note 34: Information on pending 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 March 27, 2020, the Company has disclosed the initiation of court proceedings on 17.10.2019 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 876 thousands (EUR 180,000 and PLN 48,000). As of the report publication date, the case remains pending

Note 35: 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 Managing Board has not published forecasts of the financial results of CI Games Capital Group or CI Games S.A. in the financial reports for the year 2021.

V. STATEMENT OF MANAGEMENT BOARD OF GAMES S.A.

Statement of the Management Board CI Games S.A.

On reliability of preparation of the annual consolidated financial statements

Accordingly with provisions of art. 71 section 1 clause 6 of the Regulation of the Minister of Finance of 03.29.2018 (Journal of Laws of 2018 item 757) on current and periodical information provided by issuers of securities and the prerequisites for recognition of information required by the law of a non-Member State as equivalent, the Management Board of CI Games S.A. hereby states that according to its best knowledge, the consolidated annual financial statement and comparative data have been prepared in accordance with the applicable accounting principles and they reflect truly, reliably and clearly the results and financial position of CI Games Capital Group, as well as its financial result, and that the Management Report on the activities of CI Games Group in 2021 contains a true reflection of its development and achievements, as well as the situation of CI Games Capital Group, including a description of the basic threats and risk.

On the entity authorized to audit the individual financial statement of CI Games S.A. and the consolidated annual financial statements of CI Games Capital Group

On 02.07.2021, the Supervisory Board of CI Games S.A., acting on the basis of the recommendation of the Audit Committee, selected UHY ECA Audyt Sp. z o.o. Sp. k. with a registered office in Warsaw as the auditor conducting a review of semi-annual and an audit of annual financial statements of the Company for years 2021-2023. The selected entity has been entered on the list of entities authorized to audit financial statements of the National Chamber of Statutory Auditors under no. 3115.

Management Board of CI Games S.A.

Marek Tymiński

President of the Management Board

David Broderick

Vice President of the Management Board

Monika Rumianek

Member of the Management Board

Anna Matyszkiewicz

Chief Accountant

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