CAPITAL GROUP CI GAMES

QUARTERLY ABBREVIATED

CONSOLIDATED AND INDIVIDUAL

FINANCIAL STATEMENTS

FOR THE PERIOD FROM JANUARY 1, 2018

TO SEPTEMBER 30, 2018

GAMES

WARSAW, 11/23/2018

Dear Shareholders!

We present you a Quarterly report for the period from 1st to 3rd quarter of 2018.

Since the beginning of 2018, the whole CI Games Group has been undergoing significant changes that are the result of adoption and implementation of a strategy announced in June 2017, within which:

First of all: we significantly decreased our internal production studio. The team previously composed of 100 persons now is composed of 30 experts. In majority, these are employees with many years of experience concerning production of shooter type games. Our internal studio is currently working on the next game of the SGW series – "Sniper Ghost Warrior Contracts" – this is being done with a significant support of external production studios that deal in design, graphics and code.

Second of all: we were able to establish a strong 8-person team managing the Company, responsible for the implementation of the new strategy. The team is in majority composed of managers experienced in the field of video games. More on them can be found at www.cigames.com.

Thirdly: the effect of careful selection of Partners is the cooperation with high-end developer studio from New York, Defiant Studios, which is responsible for the production of "Lords of the Fallen 2" for consoles and PCs. Current works on "LOTF 2" are progressing in line with the objectives set by the parties.

Fourthly: we are approaching the announcement of a new publishing brand along with three titles that we will publish in 2019 and 2020. The new brand's portfolio will contain very interesting projects of high potential and reasonable production budgets.

We are very pleased with the stable financial standing of the Company, especially with the state of cash on our bank accounts and the credit line in mBank that makes it possible for us to carry out with the selected strategy. I truly believe that as a result of the said strategy our investment activity combined with experience and competences in games publishing will be a source of success in the upcoming years.

On behalf of the Capital Group of CI Games I would like to thank you for your trust and I present you our financial statements.

Marek Tymiński

CI Games S.A. Management Board President

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I. Consolidated data for the CI Games Group

CONSOLIDATED FINANCIAL STATEMENT

Assets	9/30/2018 PLN thousand	6/30/2018 PLN thousand	12/31/2017 PLN thousand	9/30/2017 PLN thousand
A. **Non-current assets**	**78,747**	**74,462**	**79,089**	**82,746**
Property, plant and equipment	1,223	1,323	913	963
Intangible assets	57,929	53,104	52,794	54,535
Deferred income tax assets	19,581	20,033	25,198	27,004
Other non-current assets	14	2	184	244
B. **Current assets**	**18,417**	**18,969**	**28,043**	**29,109**
Inventory	2,865	2,690	4,920	5,700
Current investments	-	-	13	10
Advances granted	141	13	362	780
Trade receivables	2,786	4,293	5,919	5,544
Income tax receivables	-	-	-	785
Cash and cash equivalents	11,406	9,780	13,484	13,158
Other current assets	1,219	2,193	3,345	3,132
Total assets	**97,164**	**93,431**	**107,132**	**111,855**

Liabilities	9/30/2018 PLN thousand	6/30/2018 PLN thousand	12/31/2017 PLN thousand	9/30/2017 PLN thousand
A. **Equity**	**77,824**	**79,776**	**89,427**	**89,140**
Share capital	1,511	1,511	1,511	1,501
Share premium	40,588	40,588	40,567	40,428
Exchange differences on translation of foreign operations	565	590	308	370
Reserve capital for the acquisition of shares	16,000	16,000	16,000	16,000
Other reserve capitals	-	-	-	7
Retained earnings	19,160	21,087	31,041	30,834
including profit for the period	(11,881)	(9,954)	5,454	5,246
Equity attributable to owners of the Parent	77,824	79,776	89,427	89,140
B. **Liabilities**	**19,340**	**13,655**	**17,705**	**22,715**
Non-current liabilities	**13,736**	**9,301**	**9,569**	**9,812**
Borrowings including credits, loans and other debt instruments	6,474	1,522	-	-
Finance lease liabilities	362	427	96	106
Other long-term provisions	-	-	210	210
Deferred income tax provision	6,900	7,352	9,263	9,496
Current liabilities	**5,604**	**4,354**	**8,136**	**12,903**
Borrowings including credits, loans and other debt instruments	850	-	-	-
Income tax liabilities	22	-	118	60
Trade liabilities	3,529	2,971	2,395	3,316
Finance lease liabilities	215	216	53	114
Other liabilities	227	317	307	40
Other current provisions	760	848	4,054	7,916
Deferred revenues	1	2	1,209	1,457
Total equity and liabilities	**97,164**	**93,431**	**107,132**	**111,855**

Book value (in PLN thousand)	77,824	79,776	89,427	89,140
Number of shares (in thousands)	151,110	151,110	151,070	150,850
Book value per share (in PLN)	**0.52**	**0.53**	**0.59**	**0.59**

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

AND CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(multiple-step format)

	for the period from 1/1 to 9/30/2018 PLN thousand	for the period from 7/1 to 9/30/2018 PLN thousand	for the period from 1/1 to 9/30/2017 PLN thousand	for the period from 7/1 to 9/30/2017 PLN thousand
Continuing operations				
Net revenue from sales	**17,661**	**4,482**	**90,863**	**17,685**
Revenue from sale of products and services	17,691	4,512	88,648	17,504
Revenue from sale of goods and materials	(30)	(30)	2,215	181
Costs of products, goods and services sold	**13,010**	**2,647**	**47,067**	**5,696**
Manufacturing cost of products sold	13,010	2,647	44,595	5,342
Value of goods and materials sold	-	-	2,472	354
Gross profit (loss) on sales	**4,651**	**1,835**	**43,796**	**11,989**
Other operating revenues	136	25	1,151	179
Selling costs	2,939	1,441	25,688	1,561
General and administrative costs	4,965	1,765	4,407	1,271
Other operating expenses	5,574	315	5,371	3,982
Profit (loss) on operating activities	**(8,691)**	**(1,661)**	**9,481**	**5,354**
Financial revenues	426	(237)	2,928	2,920
Financial expenses	362	33	4,385	2,523
Profit (loss) before tax	**(8,627)**	**(1,931)**	**8,024**	**5,751**
Income tax	3,254	(4)	2,778	1,994
Profit (loss) on continuing operations	**(11,881)**	**(1,927)**	**5,246**	**3,757**
Discontinued operations	-	-	-	-
Loss from discontinued operations	-	-	-	-
Net profit (loss)	**(11,881)**	**(1,927)**	**5,246**	**3,757**
Total other comprehensive income, including:				
Exchange differences on translation of foreign operations	257	(25)	(209)	(11)
Total income for the period	**(11,624)**	**(1,952)**	**5,037**	**3,746**
Net profit (loss) in thousands of PLN	(11,881)	(1,927)	5,246	3,757
Number of shares (in thousands)	151,110	151,110	150,850	150,850
Profit (loss) per ordinary share (in PLN)	**(0.08)**	**(0.01)**	**0.03**	**0.02**

CONSOLIDATED STATEMENT OF CASH FLOWS

(indirect method)

	for the period from 1/1 to 9/30/2018	for the period from 7/1 to 9/30/2018	for the period from 1/1 to 9/30/2017	for the period from 7/1 to 9/30/2017
	'LN thousand	PLN thousand	PLN thousand	PLN thousand
Cash flows from operating activities				
Gross profit (loss)	**(8,627)**	**(1,931)**	**8,024**	**5,751**
Total adjustments	**16,168**	4,136	**23,382**	**9,817**
Depreciation	9,148	2,570	21,490	2,088
Impairment loss (reversal)	3,514	857	3,039	3,039
Interest	22	14	305	49
Credit fee	37	1	309	-
Profit (loss) on sale of non-current assets	(32)	(64)	-	-
Change in receivables	3,133	656	(2,854)	7,030
Change in inventory and prepayments	1,580	(309)	(2,421)	898
Change in trade and other payables	963	(103)	(3,365)	(5,740)
Change in employee benefit provisions and liabilities	(3,504)	(88)	7,397	2,287
Change in other current assets and other adjustments	2,257	345	(958)	(349)
Tax paid	-	-	(806)	(513)
Deferred revenues	(1,208)	(1)	1,457	1,039
Other adjustments	258	258	(211)	(11)
Net cash flows from operating activities	**7,541**	**2,205**	**31,406**	**15,568**
Cash flows from investing activities				
Proceeds from sale of intangible assets and non-current assets	78	32	-	-
Revenue from repayment of loans granted	8	3	-	-
Cash outflows on acquisition of property, plant and equipment and intangible assets	(136)	1,025	(461)	(243)
Cash outflows on development works	(16,556)	(7,232)	(19,350)	(3,630)
Cash outflows on loans granted	-	-	(10)	(10)
Net cash from investing activities	**(16,606)**	**(6,172)**	**(19,821)**	**(3,883)**
Cash flows from financing activities				
Net proceeds from the issue of shares and other capital instruments	20	(1)	460	(1)
Incurrence of borrowings	7,324	5,802	9,498	-
Repayment of borrowings	-	-	(33,415)	(14,972)
Repayment of finance lease liabilities	(175)	(70)	220	220
Interest	(70)	(62)	(305)	(49)
Other financial outflows	(112)	(76)	(309)	-
Net cash from financing activities	**6,987**	**5,593**	**(23,851)**	**(14,802)**
Total net cash flows	**(2,078)**	**1,626**	**(12,266)**	**(3,117)**
Exchange differences on cash	-	-	-	**-**
Balance sheet changes in cash and cash equivalents	(2,078)	1,626	(12,266)	(3,117)
Cash and cash equivalents at the beginning of the period	**13,484**	**9,780**	**25,424**	**16,275**
Cash and cash equivalents at the end of the period	**11,406**	**11,406**	**13,158**	**13,158**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the period from 1/1 to 9/30/2018	Share capital	Share premium	Reserve capital for the purchase of own shares	Other reserve capitals	Translation losses/profits	Retained earnings	Total equity
	PLN thousand	PLN thousand	PLN thousand	PLN thousand	PLN thousand	PLN thousand	PLN thousand
As at 1/1/2018	**1,511**	**40,567**	**16,000**	**-**	**308**	**31,041**	**89,427**
Changes in equity							
Profit and loss for the period	-	-	-	-	-	(11,881)	(11,881)
Share issue	-	21	-	-	-		21
Exchange differences on translation	-	-	-	-	257		257
As at 9/30/2018	**1,511**	**40,588**	**16,000**	**-**	**565**	**19,160**	**77,824**

For the period from 1/1 to 9/30/2017	Share capital	Share premium	Reserve capital for the purchase of own shares	Other reserve capitals	Translation losses/profits	Retained earnings	Total equity
	PLN thousand	PLN thousand	PLN thousand	PLN thousand	PLN thousand	PLN thousand	PLN thousand
As at 1/1/2017	**1,501**	**39,975**	**16,000**	**-**	**579**	**25,588**	**83,643**
Changes in equity							
Profit and loss for the period	-	-	-	-	-	5,246	5,246
Share issue	-	453	-	7	-	-	460
Exchange differences on translation	-	-	-	-	(209)	-	(209)
As at 9/30/2017	**1,501**	**40,428**	**16,000**	**7**	**370**	**30,834**	**89,140**

For the period from 1/1 to 12/31/2017	Share capital	Share premium	Reserve capital for the purchase of own shares	Other reserve capitals	Translation losses/profits	Retained earnings	Total equity
	PLN thousand	PLN thousand	PLN thousand	PLN thousand	PLN thousand	PLN thousand	PLN thousand
As at 1/1/2017	**1,501**	**39,975**	**16,000**	**-**	**579**	**25,588**	**83,643**
Changes in equity							
Profit and loss for the period	-	-	-	-	-	5,453	5,453
Share issue	9	592	-	-	-	-	601
Exchange differences on translation	-	-	-	-	(271)	-	(271)
As at 12/31/2017	**1,511**	**40,567**	**16,000**	**-**	**308**	**31,041**	**89,427**

II. Separate financial data - CI GAMES S.A.

SEPARATE FINANCIAL STATEMENT

Assets	9/30/2018 PLN thousand	6/30/2018 PLN thousand	12/31/2017 PLN thousand	9/30/2017 PLN thousand
A. Non-current assets	**83,351**	**78,966**	**83,835**	**87,545**
Property, plant and equipment	1,223	1,323	913	963
Intangible assets	57,929	53,104	52,794	54,535
Interests in subsidiaries, associates and jointly controlled entities	4,604	4,504	4,597	4,597
Non-current investments	-	-	149	202
Deferred income tax assets	19,581	20,033	25,198	27,004
Other non-current assets	14	2	184	244
B. Current assets	**15,479**	**14,893**	**23,547**	**25,683**
Inventory	2,865	2,690	4,920	5,700
Current investments	-	-	13	10
Advances granted	109	9	341	758
Trade receivables	7,452	8,013	7,700	4,560
Income tax receivables	-	-	-	785
Cash and cash equivalents	3,938	2,088	7,969	11,532
Other current assets	1,115	2,093	2,604	2,338
Total assets	**98,830**	**93,859**	**107,382**	**113,228**

Liabilities	9/30/2018 PLN thousand	6/30/2018 PLN thousand	12/31/2017 PLN thousand	9/30/2017 PLN thousand
A. Equity	**78,746**	**80,414**	**89,904**	**88,396**
Share capital	1,511	1,511	1,511	1,501
Share premium	40,588	40,588	40,568	40,428
Reserve capital for the acquisition of shares	16,000	16,000	16,000	16,000
Other reserve capitals	-	-	-	7
Dividend capital	1,017	1,017	1,017	1,017
Retained earnings	19,630	21,298	30,808	29,443
including profit for the period	(11,178)	(9,510)	6,477	5,113
Equity attributable to owners of the Parent	**78,746**	**80,414**	**89,904**	**88,396**
Equity attributable to non-controlling interests	-	-	-	-
B. Liabilities	**20,084**	**13,445**	**17,478**	**24,832**
Non-current liabilities	**13,736**	**9,301**	**9,569**	**9,811**
Borrowings including credits, loans and other debt instruments	6,474	1,522	-	-
Provision for retirement and similar benefits	-	-	-	-
Finance lease liabilities	362	427	96	106
Other long-term provisions	-	-	210	210
Deferred income tax provision	6,900	7,352	9,263	9,495
Deferred revenues	-	-	-	-
Current liabilities	**6,348**	**4,144**	**7,909**	**15,021**
Borrowings including credits, loans and other debt instruments	850	-	-	97
Income tax liabilities	-	-	106	3
Trade liabilities	4,575	3,026	2,734	5,626
Finance lease liabilities	215	216	53	114
Other liabilities	221	304	181	152
Other current provisions	485	593	3,626	7,572
Deferred revenues	2	5	1,209	1,457
Total equity and liabilities	**98,830**	**93,859**	**107,382**	**113,228**

Book value (in PLN thousand)	78,746	80,414	89,904	88,396
Number of shares (in thousands)	151,110	151,110	151,070	150,850
Book value per share (in PLN)	**0.52**	**0.53**	**0.59**	**0.59**

SEPARATE STATEMENT OF PROFIT AND LOSS AND SEPARATE STATEMENT OF COMPREHENSIVE INCOME (multiple-step format)

	for the period from 1/1 to 9/30/2018 PLN thousand	for the period from 7/1 to 9/30/2018 PLN thousand	for the period from 1/1 to 9/30/2017 PLN thousand	for the period from 7/1 to 9/30/2017 PLN thousand
Continuing operations				
Net revenue from sales	**16,382**	**4,002**	**82,914**	**17,681**
Revenue from sale of products and services	16,382	4,002	82,806	17,641
Revenue from sale of goods and materials	-	-	108	40
Costs of products, goods and services sold	**13,086**	**2,723**	**47,149**	**5,629**
Manufacturing cost of products sold	13,086	2,723	47,028	5,573
Value of goods and materials sold	-	-	121	56
Gross profit (loss) on sales	**3,296**	**1,279**	**35,765**	**12,052**
Other operating revenues	158	35	297	(111)
Selling costs	2,034	1,135	17,951	973
General and administrative costs	4,137	1,362	3,776	1,108
Other operating expenses	5,573	314	4,730	3,343
Profit (loss) on operating activities	**(8,290)**	**(1,497)**	**9,605**	**6,517**
Financial revenues	727	(143)	2,926	2,925
Financial expenses	361	32	4,652	2,963
Profit (loss) before tax	**(7,924)**	**(1,672)**	**7,879**	**6,479**
Income tax	3,254	(4)	2,766	1,955
Profit (loss) on continuing operations	**(11,178)**	**(1,668)**	**5,113**	**4,524**
Loss from discontinued operations	-	-	-	-
Net profit (loss)	**(11,178)**	**(1,668)**	**5,113**	**4,524**
Total other comprehensive income, including:				
Valuation of financial assets	-	-	-	-
Valuation of hedging instruments	-	-	-	-
Total income for the period	**(11,178)**	**(1,668)**	**5,113**	**4,524**
Net profit (loss) in thousands of PLN	**(11,178)**	**(1,668)**	**5,113**	**4,524**
Number of shares (in thousands)	151,110	151,110	150,850	150,850
Profit (loss) per ordinary share (in PLN)	**(0.07)**	**(0.01)**	**0.03**	**0.03**

SEPARATE STATEMENT OF CASH FLOWS

(indirect method)

	for the period from 1/1 to 9/30/2018 PLN thousand	for the period from 7/1 to 9/30/2018 PLN thousand	for the period from 1/1 to 9/30/2017 PLN thousand	for the period from 7/1 to 9/30/2017 PLN thousand
Cash flows from operating activities				
Gross profit (loss)	**(7,924)**	**(1,672)**	**7,878**	**6,478**
Total adjustments	**13,646**	**4,133**	**33,914**	**18,348**
Depreciation	9,144	2,566	21,490	2,088
Impairment loss (reversal)	3,514	1,306	2,416	2,400
Profit (loss) on exchange differences	5	8	5	(4)
Interest	13	5	312	53
Credit fee	37	1	309	-
Profit (loss) on sale of non-current assets	(32)	(64)	-	-
Change in receivables	248	(739)	6,981	15,963
Change in inventory and prepayments	1,591	(281)	(2,424)	898
Change in trade and other payables	1,780	761	(2,544)	(5,503)
Change in employee benefit provisions and liabilities	(3,351)	(108)	7,391	2,221
Change in other current assets and other adjustments	1,620	290	(686)	(291)
Tax paid	-	106	(791)	(514)
Deferred revenues	(1,207)	(2)	1,457	1,039
Other	284	284	(2)	(2)
Net cash flows from operating activities	**5,722**	**2,461**	**41,792**	**24,826**
Cash flows from investing activities				
Revenue from repayment of loans granted	15	15	-	-
Proceeds from sale of intangible assets and non-current assets	79	79	-	-
Cash outflows on acquisition of intangible assets and non-current assets	(136)	1,025	(461)	(243)
Cash outflows on development works	(16,552)	(7,228)	(19,350)	(3,630)
Cash outflows for acquisition of financial assets	(100)	(100)	-	-
Cash outflows on loans granted	(46)	-	(33)	(14)
Net cash from investing activities	**(16,740)**	**(6,209)**	**(19,844)**	**(3,887)**
Cash flows from financing activities				
Net proceeds from the issue of shares and other capital instruments	20	-	460	(1)
Incurrence of borrowings	7,324	5,802	9,498	-
Repayment of borrowings	-	-	(33,545)	(14,972)
Repayment of finance lease liabilities	(175)	(66)	220	220
Interest	(70)	(62)	(305)	(49)
Other financial outflows	(112)	(76)	(309)	-
Net cash from financing activities	**6,987**	**5,598**	**(23,981)**	**(14,802)**
Total net cash flows	**(4,031)**	**1,850**	**(2,033)**	**6,137**
EXCHANGE DIFFERENCES ON CASH	-	-	-	-
BALANCE SHEET CHANGES IN CASH AND CASH	(4,031)	1,850	(2,033)	6,137
Cash and cash equivalents at the beginning of the period	**7,969**	**2,088**	**13,565**	**5,395**
Cash and cash equivalents at the end of the period	**3,938**	**3,938**	**11,532**	**11,532**

SEPARATE STATEMENT OF CHANGES IN EQUITY

For the period from 1/1 to 9/30/2018	Share capital	Share premium	Reserve capital for the purchase of own shares	Other reserve capitals	Dividend capital	Retained earnings	Total equity
	PLN thousand	PLN thousand	PLN thousand	PLN thousand	PLN thousand	PLN thousand	PLN thousand
As at 1/1/2018	**1,511**	**40,568**	**16,000**	**-**	**1,017**	**30,808**	**89,904**
Changes in equity							
Profit and loss for the period	-	-	-	-	-	(11,178)	(11,178)
Share issue	-	20	-	-	-	-	20
As at 9/30/2018	**1,511**	**40,588**	**16,000**	**-**	**1,017**	**19,630**	**78,746**

For the period from 1/1 to 9/30/2017	Share capital	Share premium	Reserve capital for the purchase of own shares	Other reserve capitals	Dividend capital	Retained earnings	Total equity
	PLN thousand	PLN thousand	PLN thousand	PLN thousand	PLN thousand	PLN thousand	PLN thousand
As at 1/1/2017	**1,501**	**39,975**	**16,000**	**-**	**1,017**	**24,330**	**82,823**
Changes in equity							
Share issue	-	453	-	7	-	-	460
Profit and loss for the period	-	-	-	-	-	5,113	5,113
As at 9/30/2017	**1,501**	**40,428**	**16,000**	**7**	**1,017**	**29,443**	**88,396**

For the period from 1/1 to 12/31/2017	Share capital	Share premium	Reserve capital for the purchase of own shares	Other reserve capitals	Dividend capital	Retained earnings	Total equity
	PLN thousand	PLN thousand	PLN thousand	PLN thousand	PLN thousand	PLN thousand	PLN thousand
As at 1/1/2017	**1,501**	**39,975**	**16,000**	**-**	**1,017**	**24,330**	**82,823**
Changes in equity							
Profit and loss for the period	-	-	-	-	-	6,478	6,478
Share issue	9	593	-	-	-	-	602
As at 12/31/2017	**1,511**	**40,568**	**16,000**	**-**	**1,017**	**30,808**	**89,904**

III. Financial highlights

The balance sheet data was converted based on the mean FX rate announced by the President of the National Bank of Poland as at the financial statement date, being as follows as at the balance sheet date:

- as at 9/30/2018 PLN/EUR 4.2714
- as at 12/31/2017 PLN/EUR 4.1709
- as at 9/30/2017 PLN/EUR 4.3091

The data in the profit and loss account and cash flow statement were converted to EUR based on the FX rate being the arithmetic mean of mean rates announced by the President of the National Bank of Poland as at the last day of each month in a year:

- for three quarters of 2018 PLN/EUR 4.2535
- for 2017 PLN/EUR 4.2447
- for three quarters of 2017 PLN/EUR 4.2566

CONSOLIDATED DATA

Consolidated statement of profit and loss	9/30/2018 PLN thousand	9/30/2018 EUR thousand	9/30/2017 PLN thousand	9/30/2017 EUR thousand	12/31/2017 PLN thousand	12/31/2017 EUR thousand
Net revenue from sales	17,661	4,152	90,863	21,346	103,029	24,272
Profit (loss) from operating activities	(8,691)	(2,043)	9,481	2,227	12,713	2,995
Gross profit (loss)	(8,627)	(2,028)	8,024	1,885	11,124	2,621
Net profit (loss)	**(11,881)**	**(2,793)**	**5,246**	**1,232**	**5,454**	**1,285**
Number of shares (in thousands)	151,110	151,110	150,850	150,850	151,070	151,070
Profit (loss) per ordinary share (PLN/share)	(0.08)	(0.02)	0.03	0.01	0.04	0.01

Consolidated statement of cash flows	9/30/2018 PLN thousand	9/30/2018 EUR thousand	9/30/2017 PLN thousand	9/30/2017 EUR thousand	12/31/2017 PLN thousand	12/31/2017 EUR thousand
Net cash flows from operating activities	7,541	1,773	31,406	7,378	33,592	7,914
Net cash flows from investing activities	(16,606)	(3,904)	(19,821)	(4,657)	(21,738)	(5,121)
Net cash flows from financing activities	6,987	1,643	(23,851)	(5,603)	(23,794)	(5,606)
Net cash flows	**(2,078)**	**(488)**	**(12,266)**	**(2,882)**	**(11,940)**	**(2,813)**

Consolidated balance sheet	9/30/2018 PLN thousand	9/30/2018 EUR thousand	9/30/2017 PLN thousand	9/30/2017 EUR thousand	12/31/2017 PLN thousand	12/31/2017 EUR thousand
Non-current assets	78,747	18,436	82,746	19,203	79,089	18,962
Current assets	18,417	4,312	29,109	6,755	28,043	6,723
Total assets	**97,164**	**22,748**	**111,855**	**25,958**	**107,132**	**25,686**
Equity	**77,824**	**18,220**	**89,140**	**20,686**	**89,427**	**21,441**
Initial capital	1,511	354	1,501	348	1,511	362
Liabilities	**19,340**	**4,528**	**22,715**	**5,271**	**17,705**	**4,245**
Non-current liabilities	13,736	3,216	9,812	2,277	9,569	2,294
Current liabilities	5,604	1,312	12,903	2,994	8,136	1,951
Total equity and liabilities	**97,164**	**22,748**	**111,855**	**25,958**	**107,132**	**25,686**

SEPARATE DATA

Statement of profit and loss	9/30/2018 PLN thousand	9/30/2018 EUR thousand	9/30/2017 PLN thousand	9/30/2017 EUR thousand	12/31/2017 PLN thousand	12/31/2017 EUR thousand
Net revenue from sales	16,382	3,851	82,914	19,479	93,740	22,084
Profit (loss) from operating activities	(8,290)	(1,949)	9,605	2,256	12,067	2,843
Gross profit (loss)	(7,924)	(1,863)	7,879	1,851	11,898	2,803
Net profit (loss)	**(11,178)**	**(2,628)**	**5,113**	**1,201**	**6,477**	**1,526**
Number of shares (in thousands)	151,110	151,110	150,850	150,850	151,070	151,070
Profit (loss) per ordinary share (PLN/share)	(0.07)	(0.02)	0.03	0.01	0.04	0.01

Statement of cash flows	9/30/2018 PLN thousand	9/30/2018 EUR thousand	9/30/2017 PLN thousand	9/30/2017 EUR thousand	12/31/2017 PLN thousand	12/31/2017 EUR thousand
Net cash flows from operating activities	5,722	1,345	41,792	9,818	40,290	9,492
Net cash flows from investing activities	(16,740)	(3,936)	(19,844)	(4,662)	(21,864)	(5,151)
Net cash flows from financing activities	6,987	1,643	(23,981)	(5,634)	(24,022)	(5,659)
Net cash flows	**(4,031)**	**(948)**	**(2,033)**	**(478)**	**(5,596)**	**(1,318)**

Balance Sheet	9/30/2018 PLN thousand	9/30/2018 EUR thousand	9/30/2017 PLN thousand	9/30/2017 EUR thousand	12/31/2017 PLN thousand	12/31/2017 EUR thousand
Non-current assets	83,351	19,514	87,545	20,316	83,835	20,100
Current assets	15,479	3,624	25,683	5,960	23,547	5,646
Total assets	**98,830**	**23,138**	**113,228**	**26,276**	**107,382**	**25,746**
Equity	**78,746**	**18,436**	**88,396**	**20,514**	**89,904**	**21,555**
Initial capital	1,511	354	1,501	348	1,511	362
Liabilities	**20,084**	**4,702**	**24,832**	**5,763**	**17,478**	**4,190**
Non-current liabilities	13,736	3,216	9,811	2,277	9,569	2,294
Current liabilities	6,348	1,486	15,021	3,486	7,909	1,896
Total equity and liabilities	**98,830**	**23,138**	**113,228**	**26,276**	**107,382**	**25,746**

IV. Notes to the financial statements for the period from 1/1/2018 to 9/30/2018

1. Basis for presentation and preparation of the consolidated financial statements

a) The consolidated financial statement of Capital Group of CI Games (“Group”, “CI Games Group”, “Capital Group”) covers the period from 1/1/2018 to 9/30/2018. The comparative data cover the period from 1/1/2017 to 9/30/2017 and from 1/1/2017 to 12/31/2017.

b) The consolidated financial statement was drawn up in accordance with International Accounting Standards and International Financial Reporting Standards (IAS/IFRS).

c) The consolidated financial statement was drawn up assuming continued operations in the foreseeable future. CI Games S.A. Management Board (“Issuer”, “Company”, “Parent company”) believed that the Company is able to:

- carry out its current activities and pay liabilities;
- continue production of new games in 2019.

In the opinion of the Management Board of the Company, the financial standing of the Company is stable. The Company and CI Games Group have financial resources to carry out their business activity in the foreseeable future, and the resources to pay for the production of “Sniper Ghost Warrior Contracts”. These resources are the Company’s own funds and the credit granted by mBank S.A. in January 2018.

According to the Management Board, in relation to the games published in the previous years, the proceeds from their sales enable to cover the current operating costs and launch new projects in 2018. According to the Management Board, there is no significant uncertainty related to the assumed continued operations for at least 12 months after the financial statements are drawn up.

2. Adopted accounting principles

a) **Application of International Accounting Standards**

These financial statements are drawn up in accordance with the International Accounting Standards (IAS) and the International Financial Reporting Standards (IFRS) adopted by the European Union (“EU”) and interpretations adopted by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC), applicable in the business conducted by the Company and binding in annual reporting periods commencing on January 1, 2007, together with the requirements of the Ordinance of the Minister of Finance of March 29, 2018, concerning current and periodical information provided by issuers of securities and the terms and conditions for information required by the provisions of law of a non-member state recognized as equivalent (Journal of Laws of 2018, item 757).

The financial statement for the period from January 1, 2018 to 9/30/2018 is a subsequent financial statement prepared in accordance with IAS/IFRS. Comparative data is sourced from the financial statements prepared in accordance with IAS/IFRS. IAS/IFRS were adopted on January 1, 2007.

b) **Basis for preparing the consolidated financial statements**

Figures in the consolidated financial statements are given in thousand Polish zlotys, which is the presentation currency and functional currency.

The consolidated financial statements were drawn up on historical cost basis. Preparation of consolidated financial statements in accordance with IAS/IFRS requires that the Management Board provide professional judgments, estimates and assumptions which have an impact on the adopted principles and the value of assets, liabilities, revenues and costs presented. Estimates and associated assumptions are based on previous experience and other factors which are acknowledged as reasonable in given circumstances and their results provide a basis for professional judgment concerning the carrying amount of assets and liabilities which does not directly result from their sources. Actual values may differ from estimates.

Estimates and associated assumptions are subject to systematic verification. Changes in assumptions are recognized in the period in which they were made.

The principles of the accounting policy presented below were applied in relation to all periods presented in the submitted consolidated financial statements, as well as in drawing up an opening balance sheet in accordance with IAS/IFRS as at January 1, 2007, for the purposes of implementing the transition from Polish accounting standards to IAS/IFRS-compliant reporting.

c) **Principles of consolidation**

(i) Subsidiaries

The CI Games Capital Group consolidated financial statements were drawn up applying the acquisition method as the means of settlement adopted on the date of the share purchase transaction (fully consolidated). In drawing up the financial statements, the parent combines the financial statements of the parent and subsidiaries through summing up individual assets, liabilities, shares in equity, revenues and costs.

In order to ensure appropriate presentation of financial information concerning the Capital Group in the consolidated financial statements as if it constituted a single commercial entity, only the carrying amount of the parent's investments in subsidiaries and such part of the subsidiary's equity as corresponds to the parent's share is presented.

The method applied for translation of the financial statements of foreign operations depends on the means by which they are financed, and the type of business activity conducted in relation to the entity drawing up the financial statements. For this reason, in accordance with IAS 21, entities operating abroad are broken down into: "entities operating abroad, whose operations constitute an integral part of the operations of the entity drawing up the financial statements" and "foreign entities".

For conversion of the financial statements of subsidiaries operating abroad, the aforementioned entities have been classified as "foreign operations" in accordance with IAS 21. After converting the financial statements of foreign operations, in order for these to be included in the financial statements of the entity drawing up the financial statements, the following principles were applied:

– assets and liabilities, both monetary and non-monetary, were converted at the closing rate;
– revenue and cost items of foreign operations were translated at the exchange rate as at the date of executing transactions, with the exception of situations where the foreign entity is drawing up reports in hyper-inflationary economic conditions; in this situation items would be converted at the closing rate;
– all exchange rate differences are recognized in equity until disposal of the net investment.

The financial results of entities acquired or disposed of during the year are recognized in the consolidated financial statements from/to the moment of their acquisition or disposal, respectively, if this constitutes significant value for the presented financial statements.

Where necessary, adjustments are made in the financial statements of subsidiaries or associates in order to unify the accounting principles applied by the entity with the principles applied by the parent. All transactions, balances, revenues and costs between related parties covered by consolidation are subject to exclusion.

(ii) Associates, joint ventures

Associates are business entities where the Company exerts significant influence, although does not control their operational and financial policies.

The Company's joint ventures are entities where the Company exercises joint control over their operations pursuant to contractual arrangements.

The consolidated financial statements contain the Group's share of the profits and losses of associates / joint ventures using the equity method, from the moment of acquiring significant influence / joint control until the expiry of such influence/control. The Group also measures the loss in value of shares in the net assets of associates / joint ventures and makes the appropriate revaluation decreases. In the event of Group's share of losses exceeding the carrying amount of the associate/joint venture, such amount is reduced to zero and ceases to be recognized in further losses, as far as there is no legal obligation to cover losses or the payment has not already been made to cover such liabilities.

Goodwill arising during consolidation results from the occurrence as at the acquisition date of a surplus of the cost of acquiring the entity over the fair value of identifiable assets and liabilities of the subsidiary, associate or joint venture as at the acquisition date.

Goodwill acquired through a merger of commercial entities is not amortized. Goodwill is subject to impairment testing at least once per year. Any impairment is immediately recognized in the profit and loss statement. In disposal of a subsidiary, associate or joint venture, the appropriate part of goodwill is taken into consideration in calculating the profit or loss on disposal.

(iii) Consolidation adjustments

The balance of internal settlements between the Group entities, transactions executed within the Group and all unrealized profits or losses resulting hereunder, as well as Group's revenues and costs are excluded during preparation of a consolidated financial statement. Unrealized profits resulting from transactions with associates and joint ventures are excluded from a consolidated financial statement proportionally to the level of the Group's share in such entities. Unrealized losses are excluded from the consolidated financial statements on the same principles as profits, until the moment when evidence indicating impairment arises.

d) **Property, plant and equipment**

(i) Own property, plant and equipment

Property, plant and equipment are fixed assets which are retained to be used in the production process or in supplying goods and providing services, in order for them to be handed over to other entities for use pursuant to a lease agreement and where there is expectation that they will be used for longer than one period.

Costs borne at a later time are included in the carrying amount of an asset or are indicated as a separate asset only if it is probable that the Group will achieve future economic benefit connected with such asset and the purchase price for a given item may be measured reliably. Expenses for repair and maintenance are recognized in the profit and loss statement in the period in which they were borne. The cost of production is augmented by fees and for particular assets by the costs of external financing capitalized in accordance with the principles defined in the Group's accounting policy.

Property, plant and equipment is measured at purchase price or manufacture cost less depreciation and impairment at the end of the reporting period.

Depreciation concerning such fixed assets commences at the moment they are commissioned. Each new fixed asset must, in as far as possible, be broken down into separate components and depreciated as a separate asset.

Fixed assets under construction intended for production, lease or administrative purposes, as well as for undefined purposes are presented in the balance sheet at cost of manufacture less impairment.

Profit or loss arising from disposal/liquidation or suspension of the use of fixed assets is defined as the difference between revenues from disposal and the net value of such fixed assets and are included in the profit and loss statement.

Land and the right of perpetual usufruct of plots of land is presented at purchase price.

The Group does not amortize rights to perpetual usufruct of land. Depreciation rates have been established with consideration to the period of economic usefulness of fixed assets. Property, plant and equipment is depreciated using the straight-line method with the following rates:

– technical equipment and machinery: 20-60%,

– other fixed assets: 20%.

(ii) Property, plant and equipment used pursuant to lease agreements

Leases are classified as finance leases if in principle the terms and conditions of the agreement transfer all potential ownership benefits and risk to the lessee. All other types of leases are treated as operating leases.

Assets used pursuant to a finance lease agreement are treated as the Group's assets and are measured at fair value as of the moment of their acquisition, although at a level not exceeding the value of their current minimum lease payments.

Liability towards the lessor arising on this account is presented in the balance sheet under finance lease liabilities.

Lease payments are divided into interest and principal. Financial costs are recognized in the profit and loss statement.

(iii) Later expenditures

Costs aimed at exchange of separate components of an element of property, plant and equipment borne in a subsequent period are capitalized. Other costs are capitalized only if they can be reliably measured and if they increase future economic benefits connected with a fixed asset. Other expenses are systematically recognized in the profit and loss statement.

e) Intangible assets

(i) Intangible assets

The Group recognizes intangible assets only when:

– it is probable that the future economic benefits that are attributable to the assets will flow to the Group, and

– the purchase price or cost of production of a given asset may be measured reliably.

An intangible asset is initially valued at purchase price or cost of production. Intangible assets are subject to amortization. Amortization rates have been established with consideration to the period of economic usefulness of intangible assets.

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

– licenses: 20-90%,

– computer software: 50%.

Expenses on development works are recognized as costs at the moment they are borne.

Costs of development works borne before the commencement of production or application of new technological solutions are classified as intangible assets if the Company can prove the following:

– the possibility, from a technical point of view, to complete an intangible asset so that it is suitable for use or sale,

– the intent to complete an intangible asset and to use or sell it,
– the capacity to use or sell an intangible asset,
– the means in which an intangible asset will create potential economic benefits.

Among others, the Group should prove the existence of a market for products created thanks to the intangible asset or the asset itself or – if the asset is to be used by the entity – the usefulness of the intangible asset,

– the availability of appropriate technical, financial and other resources which are to serve completion of development works and the use or sale of the intangible asset,

– the possibility to establish outlays borne during development works, which may be assigned to such intangible asset.

The Company considers outlays for game production as Development works costs. Development works costs of usage period established up-front, for which it is possible to determine estimates concerning the amount of sales, are subject to activity depreciation proportionally to the implemented sale. Amortization charges ends the moment a given asset is classified for sale or ceases to be included in the accounts.

The amortization period is equal to the period of economic usefulness of a resource held. Costs of development works are amortized during the anticipated period of achieving revenues from sale, however not longer than 5 years.

The Company does not amortize the costs of development works with an undefined useful life.

Intangible assets with undefined useful life are subject to an annual impairment test, in application of the guidelines of IAS 36 Impairment of Assets.

External financing costs (e.g. interest on loans and borrowings and exchange differences on loans and borrowings denominated in foreign currencies) which may be directly assigned to the purchase or production of assets increase the purchase or production cost of such an item.

Net financing costs include interest payable on debt, established on the basis of the effective interest rate, interest due on funds invested by the Company, dividends due, foreign exchange gains and losses and profit and loss concerning hedging instruments which are recognized in the statement of profit and loss.

(ii) Impairment

At the end of each reporting period the Group reviews fixed assets in order to confirm that there have been no circumstances indicating the possibility of their impairment.

In the event of such circumstance, the recoverable amount of a given asset is estimated in order to establish a potential write-down.

In a situation where an asset does not generate cash flows which are to a large extent independent of cash flows generated by other assets, analysis is carried out for the group of assets generating cash flows to which a given asset belongs.

In the case of intangible assets with an undefined useful life, the impairment test is carried out both annually and in the event of circumstances indicating the possibility of impairment. The recoverable amount is established as the higher of two values: fair value less costs to sell, or its value in use. This final amount corresponds to the current value of estimated future discounted cash flows using a discount rate taking into consideration the present value of money and asset-specific risk.

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

Impairment loss is recognized as a cost in the period it occurred, with the exception of a situation where an asset has been recognized at restated value (in this case the impairment is treated as a decrease in the previous restatement).

At the moment when the impairment is subject to subsequent reversal, the net value of the asset (or group of assets) is increased to the new estimated recoverable amount, however not higher than the net value of such asset as it would have been established had impairment not been identified in previous years.

Reversal of impairment is recognized in revenue as far as the asset has not been subject to prior restatement – in this event reversal of impairment is recorded in the revaluation reserve.

f) **Investments**

Investments other than property, intangible and financial assets are recognized at purchase price, less impairment.

Investments recognized at historical cost expressed in a foreign currency as at the end of the reporting period are valued using the average exchange rate announced by the National Bank of Poland as at the balance sheet day.

g) **Financial instruments**

Financial assets and liabilities are recognized in the balance sheet at the moment when the Group becomes a party to a binding agreement.

The Group classifies each agreement which results in simultaneous occurrence of a financial asset with one party and a financial liability or equity instrument with the other party as a financial instrument, on condition that unambiguous economic effects result from a contract executed between two or more parties.

In accordance with IAS 39, the Group classifies financial instruments as:

- instruments held for trading (at fair value through profit or loss) – financial assets or liabilities which have been acquired or have arisen in order to generate profit achieved due to short-time price fluctuations,
- financial instruments held to maturity – financial assets with fixed or determinable payments or fixed maturity dates, which the Group has the intent and capability to hold to maturity, carried at amortized cost with application of the effective interest rate method, with the exception of loans granted by associates and own debt claims, valued using the effective interest rate method,
- available-for-sale financial instruments – financial assets other than loans granted and own receivables, assets held to maturity or other than financial assets not held for trading, carried at fair value,
- loans and receivables – non-derivative financial assets with fixed or determinable payments which are not quoted on an active market. At initial recognition, the Group values financial assets and liabilities at purchase cost (price), i.e. according to the fair value of the payment made in the case of assets, or the amount received in the case of liabilities.

The Group includes transaction costs in the initial value of all financial assets and liabilities.

Differences in restatement and revenues achieved or costs borne appropriate to classification of a financial asset are recognized in profit or loss or the revaluation provision as available-for-sale financial assets, respectively.

Principles for valuation of financial instruments as at the end of the reporting period.

They are evaluated by the Group at amortized costs, with consideration of the effective interest rate of:

— assets held to maturity,
— loans granted and receivables, and
— other financial liabilities not classified as held for trading.
Valuation may also take place:

— at the value requiring payment if the discount effect is not significant;

— at the amount requiring payment: receivables and liabilities with short maturity period;

— at fair value: financial assets and liabilities held for trading and available-for-sale financial assets.

Changes in the fair value of financial assets held for trading not being part of hedges are recognized as finance revenue or costs when they arise.

Shares and interests in other entities are valued at purchase price less impairment.

h) Trade and other receivables

Current trade and other receivables are valued at repayment value in as far as the effect of charging interest is not significant. Otherwise receivables are initially recognized at fair value and subsequently valued at amortized cost in application of the effective interest rate. In accordance with the principle adopted by the Group, receivables with maturity of longer than 180 days are subject to discounting.

i) Financial liabilities

The financial liabilities held for trading, including the derivative instruments with a negative fair value, which were not assigned as hedging instruments, are revealed in their fair values, while the profits and losses resulting from their valuation are disclosed directly in the profit and loss account.

The other financial liabilities are evaluated based on the amortized cost, using the effective interest rate method.

All financial liabilities are introduced into the books as at the contract date.

The rules of financial instrument valuation and presentation in the financial statement are as follows:

Group of assets or liabilities	Rules of valuation	Rules of presentation in the financial statement
The assets are evaluated based on their fair value by the financial result	Based on the fair value (except for the ones the fair value of which is impossible to determine for).	The valuation difference included in the financial result for the current reporting period in the financial revenues or financial costs.
Liabilities held for trading	Based on the fair value (except for the ones the fair value of which is impossible to determine for).	The valuation difference included in the financial result for the current reporting period in the financial revenues or financial costs.
Other liabilities	Based on the amortized purchase price, using effective interest rate (IRR).	The valuation difference adjusts the value of the appraised asset and is included in the financial result for the current reporting period.

Loans granted and receivables	Based on the amortized purchase price using effective interest rate (IRR) and if the payment date is unknown, based on the purchase price (e.g. for loans granted without a set payment date).	The valuation difference adjusts the value of the appraised asset and is included in the financial result for the current reporting period.
Assets held to maturity	Based on the amortized purchase price, using effective interest rate (IRR).	The valuation difference adjusts the value of the appraised asset and is included in the financial result for the current reporting period.
Available-for-sale financial assets	Based on the fair value (except for the ones the fair value of which is impossible to determine for).	The valuation difference to the fair value included in the revaluation provision. For the debt instruments, the accrued interest is included directly in the profit and loss account.

j) Inventory

The initial value (cost) of inventories includes all costs (acquisition, production, etc.) borne in connection with bringing inventories to their current location and condition.

The purchase price of inventories includes the purchase price increased by import duty and other taxes (not subject to subsequent refund from tax authorities), costs of transport, loading, unloading and other costs directly connected with the acquisition of inventories, decreased by discounts, rebates and other similar reductions.

Inventories are measured at initial value (purchase price or cost of production) or at net sale price depending on which is lower.

In relation to other inventories, costs are established using the first in, first out (FIFO) method.

Impairment losses on inventory

Impairment losses on current property, plant and equipment connected with their impairment or valuation as at the end of the reporting period correspond to their own operating costs (IAS2).

The Group creates impairment losses equity to net recoverable values of inventory. The net recoverable value is the sale price established in normal operations less finishing costs and estimated costs necessary for sale to be effected.

Reversal of an inventory depreciation write-down resulting from an increase in the net recoverable value is recognized as a decrease in inventory recognized as other operating revenue which the write-down reversal concerns.

As at the balance sheet date, the inventory is valued at acquisition or purchase price, and such a price may not exceed the net sales price for a given inventory item.

Foreign-currency advance payments are recognized at the ask rate of the bank used by the Group.

The Group measures advance payments for inventory at nominal value and presents these in the financial statements at the historic rate less impairment. The Group inventories prepayments through the provision by contracting parties of confirmation that prepayments included in auxiliary ledgers to general ledger “supplier accounts”, and provides explanations and settlement of potential variance.

k) Cash and cash equivalents

Cash and cash equivalents include cash on hand and demand deposits. Current investments which are not subject to significant change in value, which may be easily exchanged for a defined amount of cash and which constitute a part of the Company’s liquidity management policy are recognized as cash and cash equivalents for the purposes of the statement of cash flows.

l) Share capital

Share capital is recognized at the nominal value of issued and registered shares.

(i) Purchase of own shares

In the event of purchase of own shares, the payment amount, together with direct transaction costs, is recognized as a change in equity. Purchased shares are recognized as a decrease in equity.

(ii) Dividends

Dividends are recognized as a liability in the period in which they are authorized.

m) Provisions

Provisions are liabilities of uncertain time and amount. Companies create provisions when all of the following conditions are met simultaneously:

– the companies are burdened with an existing obligation (legal or constructive) resulting from past events,

– it is probable that fulfillment of an obligation will result in necessary outflow of resources representing economic benefits,

– the amount of such obligation can be reliably estimated.

The Group creates the following provisions for liabilities:

– deferred income tax provision created in connection with the occurrence of positive differences between the book value of assets and liabilities and their tax value,

– provisions for employee benefits – provisions for pension gratuities are calculated based on own estimates, however, with regard to the low average age of employees and the insignificant value of the provision resulting from this, there is currently no provision created,

– other provisions.

Release of unused provisions occurs as at the date on which they are acknowledged as unnecessary.

n) Trade and other payables

Trade and other payables are divided into current and non-current payables through application of the following criteria:

– payables maturing in under 12 months from the end of the reporting period – classified as current payables,

– payables not classified as trade payables and which do not fulfill the criteria for classification as current constitute non-current payables.

Trade payables with maturity of up to 180 days are valued as at the end of the reporting period at repayment value, increased by potential interest for delay due as at the valuation date.

Trade payables within maturity of over 180 days are valued as at the end of the reporting period at amortized cost (i.e. discounted in application of the effective interest rate).

All trade and account balances should be reconciled, and potential adjustments should be included in the accounts, including in the financial statements of the entity. In the event of discrepancies in agreeing a balance between the entity and the contracting party, the seller’s position prevails and, after closing the year, potential adjustments are entered in the accounts for the current year.

Payables denominated in foreign currencies are valued at the current average exchange rate for a given currency on a given date established by the National Bank of Poland.

Interest for late payment of liabilities is not charged if the authorized entity submits a written declaration on opt-out of such interest. In other instances, interest is calculated and recorded as per the principles below:

– systematically, pursuant to interest notes received,
– at estimated value, where estimation is based on historical data reflecting the amount of interest charged by specific contracting parties in relation to the level of debt.

In each instance other significant risks meaning that such interest may be charged should be taken into consideration when calculating interest.

The notes to the financial statements should include this fact, the occurrence of overdue liabilities and the associated risk that interest will be charged by creditors.

o) **Revenue**

Revenue from the sale of products and services includes sale of products manufactured by the Group to which it has exclusive license rights for their production or it has purchased a license for release and distribution, together with services provided by the Group to other entities.

Revenue from sale of goods for resale and materials includes sale of products which were purchased and are held for further sale in a non-processed form, together with sale of materials for manufacture.

Revenue from sale of products and goods is recognized if the following conditions are met:

– the Group has transferred significant risk and benefits resulting from the right of ownership of goods and products to the purchaser,
– the Group ceases to be permanently involved in managing the sale of goods or products to the extent that such function is usually exercised in relation to goods and products to which there is right of ownership, and it does not exercise effective control over them,
– the revenue amounts may be measured reliably,
– it is probable that the Group will achieve economic benefits from the transaction,
– costs borne and those which will be borne by the Group in connection with the transaction may be valued in a reliable manner.

Revenue is recognized if achievement by the Group of economic benefits connected with the executed transaction is probable.

If there is uncertainty regarding the collectibility of an amount due which is already counted as revenue, then the uncollectible amount in relation to which collection is no longer probable is recognized as costs and not as an adjustment of the initially recognized revenue amount.

Revenue from sale is recognized at the fair value of payments received or due and represents receivables for products, goods and services supplied under normal business activity after decrease by discounts, VAT and other sales-related taxes.

Revenue from interest is recognized cumulatively in relation to the principal amount, in accordance with the effective interest rate method on lease.

p) **Costs**

The Group draws up a consolidated profit and loss statement in multiple-step format. Costs are classified in accordance with their function.

(i) Finance lease payments

Lease payments are divided into a part constituting the cost of finance and a part decreasing the liability. The part constituting the cost of finance is allocated to specific periods during the term of the lease applying the effective interest rate method.

(ii) Net financing costs

Net financing costs include interest payable on debt, established on the basis of the effective interest rate, interest due on funds invested by the Group, dividends due, foreign exchange gains and losses and profit and loss concerning hedging instruments which are recognized in the statement of profit and loss.

Interest income is recognized in the statement of profit and loss on an accrual basis applying the effective interest rate. Income from dividends is recognized in the statement of profit and loss at the moment when the Group acquires the right to receipt thereof. The part constituting the financing cost arising in connection with finance lease fees is indicated in the statement of profit and loss with the use of the effective interest rate method.

q) **Tax**

Mandatory encumbrances on the result include current tax and deferred tax.

The current tax obligation is calculated on the basis of the tax result (basis for taxation) for a given financial year. Tax for the current and previous periods is recognized as a liability in the amount which has not been paid.

Tax profit (loss) differs from net book profit (loss) in connection with the exclusion of revenues subject to taxation and tax-deductible expenses in subsequent years and items of cost and revenue which will never be subject to taxation.

Deferred tax is calculated using the balance sheet method as tax subject to payment or refund in the future on the difference between the carrying amounts of assets and liabilities and the corresponding tax values used to calculate the basis for taxation.

Deferred income tax assets and provisions for deferred income tax are valued with application of tax rates which will be applied, according to predictions, if an asset is realized or a provision liquidated, adopting as the basis the tax rates (and tax regulations) legally effective or substantially effective as at the end of the balance sheet date.

A deferred tax asset is subject to analysis as at the end of the reporting period, and in the event of it being expected that future tax profits will be insufficient to realize an asset or part thereof, it is written off. Deferred income tax assets and provisions for deferred income tax are not discounted.

Deferred tax is recognized in the profit and loss statement, aside from a situation where it concerns items directly recognized in equity. In this last instance, deferred tax is also settled directly with equity. The Group offsets deferred income tax assets with provisions for deferred income tax only when it has an enforceable legal title to offset deferred income tax assets with provisions for deferred income tax.

r) **Foreign-currency transactions**

Transactions executed in foreign currencies are converted into the functional currency in application of exchange rates in force on the date of executing such transactions, in the following manner:

– in the case of selling foreign currencies and receivable repayment transactions – using the bid rate applied by the bank used by the Group;

– in the case of purchasing foreign currencies and liability repayment transactions – using the ask rate applied by the bank used by the Group;

— in the case of other transactions – according to the average exchange rate announced for a given currency by the National Bank of Poland in as far as customs documents do not give another exchange rate.

Cash items recognized at historical cost expressed in a foreign currency are recorded at the end of the reporting period using the average exchange rate announced by the National Bank of Poland as at the end of the reporting period. Non-monetary balance sheet items recorded at historical cost expressed in a foreign currency are recorded in application of the exchange rate as at the date the transaction is executed. Non-monetary balance sheet items recorded at fair value in a foreign currency are recorded in application of the exchange rate in force during establishment of fair value.

Foreign exchange gains and losses resulting from settlement of transactions in foreign currencies and from translation of cash assets and liabilities according to average National Bank of Poland exchange rates as at the end of the year are indicated in the statement of profit and loss, with the exception of settlement in equity fulfilling the criteria for recognition of cash flow hedges.

s) Segment reporting

A reportable segment is a separate part of the Group which deals with the supply of defined products or services (operating segment) or supply of products or services in a defined economic environment (geographical segment), which is subject to risks and derives benefits differently to other segments.

The CI Games Group presents revenue from sales broken down into the following segments:

— operating – covering sales divided into products, goods and services,

— geographical – covering sales divided into the following areas: Europe, North America, and Asia with Australia.

Revenue from sale of products covers sale of products manufactured by the Group to which it has exclusive licensing rights for their production or it purchased a license for release and distribution.

Revenue from sale of services covers revenues for services provided by the Group to other entities.

Revenue from sale of goods includes sale of products which were purchased and are held in a non-processed form for resale, together with sale of materials for manufacture.

Operating costs are divided as follows:

— direct costs, which may be assigned to a given product or service, or the value of goods or materials sold at purchase price,

— indirect costs, i.e. costs which cannot be directly assigned to a defined product, e.g. administrative, sales and other operating costs.

Segment reporting – assignment to specific operating segments – concerns direct costs and such part of indirect costs as can be assigned to a given segment.

t) Operations being discontinued and non-current assets held for sale

Immediately before reclassification to the group of assets held for sale, valuation of assets (or all assets and liabilities constituting a group held for sale) is updated in accordance with the appropriate IFRS. Subsequently, as at the day of initial classification as held for sale, a non-current asset or group of assets held for disposal are recognized according to the lower value: carrying amount or fair value less cost to sell.

Impairment identified at initial classification as held for sale is recognized in the profit and loss statement even in the event of value restatement. This also concerns profit and loss resulting from subsequent change in value.

Discontinued operation is a part of the Group’s activity which constitutes a separate main business line or geographic segment or is a subsidiary acquired exclusively for further sale.

Classification as discontinued operation takes place as a result of disposal or at the moment when the operation fulfills the criteria for classification to the group held for sale.

3. Accounting principles change (financial statements conversion)

The accounting principles (policy) applied to draw up this financial statement are compliant with the ones used for drawing up the financial statement of the Company for the year ended on Sunday, December 31, 2017, except for the change in the accounting policy of the Company concerning the extension of the period for revenues on sale of products and the following changes to the standards and new interpretations in force for the annual periods starting on Monday, January 1, 2018:
Changes to IFRS 10 “Consolidated financial statements”, IFRS 12 “Disclosure of Interests in Other Entities” and IAS 28 “Investments in Associates and Joint Ventures” – Investment entities: applying the consolidation exception (effective for annual periods beginning on or after January 1, 2016),

Amendments to IAS 19 “Employee Benefits” – Defined benefit plans: employee contributions, adopted by EU on December 17, 2015 (effective for annual periods beginning on or after February 1, 2015),

Amendments to various standards “IFRS Amendments (period from 2010 to 2012)” – changes made to the procedure of introducing annual amendments to IFRS (IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16, IAS 24 and IAS 38) directed to settle inconsistencies and made the wording more accurate – adopted by EU on December 17, 2015 (effective for annual periods beginning on or after February 1, 2015),

Amendments to IFRS 11 “Joint Arrangements” (effective for annual periods beginning on or after January 1, 2016),

Amendments to IAS 16 “Property, Plant and Equipment” and IAS 38 “Intangible Assets” – clarification of acceptable methods of depreciation and amortization (effective for annual periods beginning on or after January 1, 2016),

Amendments to IAS 16 “Property, Plant and Equipment” and IAS 41 “Agriculture” – bearer plants (effective for annual periods beginning on or after January 1, 2016),

Amendments to IAS 27 “Separate Financial Statements” – equity method in separate financial statements (effective for annual periods beginning on or after January 1, 2016),

The Company did not decide to apply any other standard, interpretation or amendment before, which was published but did not enter in force under the EU regulations.

The following standards and interpretations were published by the International Accounting Standards Board or the International Financial Reporting Interpretations Committee, and have not come in force so far:

- Amendments to IFRS 10 and IAS 28 Sale Transactions or Contribution of Assets between an Investor and its Associate or Joint Venture (published on September 11, 2014) – works leading to the approval of those amendments were postponed by EU for an unlimited time – the effective date was postponed by IASB for an unlimited time,
- IFRS 16 Leases (published on January 13, 2016) – applicable to the annual periods starting on January 1, 2019 or later,
- Explanation to IFRS 15 Revenue from Contracts with Customers (published on April 12, 2016) – applicable to the annual periods starting on January 1, 2018 or later,
- IFRS 17 Insurance Contracts (published on May 18, 2017) – not approved by EU before this financial statement was approved – applicable to the annual periods starting on January 1, 2021 or later,

- IFRIC 23 Uncertainty over Income Tax Treatments (published on June 7, 2017) – not approved by EU before this financial statement was approved – applicable to the annual periods starting on January 1, 2019 or later,
- Amendments to IFRS 9 Prepayment Features with Negative Compensation (published on October 12, 2017) – not approved by EU before this financial statement was approved – applicable to the annual periods starting on January 1, 2019 or later,
- Amendments to IAS 28 Long-term Interests in Associates and Joint Ventures (published on October 12, 2017) – not approved by EU before this financial statement was approved – applicable to the annual periods starting on January 1, 2019 or later.
- Amendments to IFRS (2015-2017) within the procedure of annual changes made to IFRS – effective for annual periods beginning on or after January 1, 2019.

Effective dates are the dates resulting from the contents of the standards published by International Financial Reporting Council. The date the standards become effective in EU can differ from the date of application stemming from the standards contents and are published the moment the standard is approved by European Union.

As at the date of publication of this financial statement to be published, the Management Board of the Company does not expect that the introduction of the above standards and interpretations should influence significantly the accounting principles (policy) adopted by the Company.

4. General description of CI Games Capital Group operations

The CI Games Capital Group operates in the global video game development and publishing market. CI Games S.A. is the first publicly traded company in this sector in Central and Eastern Europe and the first to emerge as an international player and generate outstanding market and financial performance. The Group's strategic goal is to build a portfolio of recognizable brands in the most popular video-game genres, with the use of its advanced know-how and experienced team.

In the gaming market, the Capital Group operates as:

- Developer, with in-house production studio,
- Publisher of own games and licensed products, being responsible for marketing strategy and product roll outs using local distributors,
- Distributor, selling products directly to retail chains and digital channels.

The Group makes games for consoles Xbox One® and PlayStation®4, as well as for PCs. The Issuer executed agreements on game development and independent distribution with owners of the most popular gaming consoles, i.e. Sony and Microsoft.

5. Organizational structure of the Issuer's Capital Group, including consolidated entities

Composition of the CI Games Capital Group as at Sunday, September 30, 2018:

- **CI Games S.A.** (formerly City Interactive S.A.) – company headquartered in Warsaw. Share capital: PLN 1,511,099.90. Parent company.

- **CI Games USA Inc**. (formerly City Interactive USA Inc.) – a company having its registered office in Delaware, USA. Share capital: USD 50,000. 100% shares held by CI Games S.A.; the Company is being subject to consolidation starting from Q2 of 2008.
- **Business Area sp. z o.o.** – company headquartered in Warsaw, Poland, share capital: PLN 5,000. 100% shares held by CI Games S.A.; the Company is being subject to consolidation starting from Q3 of 2010.
- **Business Area sp. z o.o. sp.j.** (transformed from Business Area sp. z o.o. S.K.A.) – company headquartered in Warsaw. 99.99% of shares held by CI Games S.A.; 0.01% of shares held by Business Area sp. z o.o.; the Company is being subject to consolidation starting from Q1 of 2013.
- **CI Games S.A. sp.j** (transformed from CI Games IP sp. z o.o.) – company headquartered in Warsaw. 0.01% of shares held by CI Games S.A.; 99.99% of shares held by Business Area Spółka z o.o.; the Company is being subject to consolidation starting from Q1 of 2013.
- **United Label S.A.** (formerly Galan S.A.) – company headquartered in Warsaw. 100% shares held by CI Games S.A.; the Company is being subject to consolidation starting from Q3 of 2018.
- **CI Games Cyprus Ltd. in liquidation** – headquartered in Nicosia, Cyprus. Share capital: EUR 1,200. 100% shares held by CI Games S.A.; the Company was subject to consolidation starting from Q1 of 2013 till Q1 2018.

6. Indication of shareholders directly or indirectly through subsidiaries holding at least 5% of total votes at the Parent's General Meeting as at the date of publishing the quarterly report

Share capital - structure	Number of shares	% of votes
Marek Tymiński	59,663,570	39.48%
Other shareholders	91,446,420	60.52%
All shareholders in aggregate	**151,109,990**	**100.00%**

7. Presentation of shareholdings in CI Games S.A. or rights to shares by the Issuer's management or supervisory personnel as at the date of publishing the quarterly report

Person	Position	As at 9/30/2018 (balance sheet date)	Increase during the period from 9/30/2018 to 11/23/2018	Decrease during the period from 9/30/2018 to 11/23/2018	As at 11/23/2018 (report publication date)
Marek Tymiński	President of the Management Board	59,663,570	-	-	59,663,570
Monika Rumianek	Member of the Management Board	150,000	-	-	150,000

Marek Tymiński, CI Games S.A. Management Board President, holds 59,663,570 shares of the Issuer, i.e. 39.48% in the initial capital of the Issuer and 39.48% of the total vote in the Company.

Monika Rumianek, Member of the CI Games S.A. Management Board, holds 150,000 shares of the Issuer, i.e. 0.10% in the initial capital of the Issuer and 0.10% of the total vote in the Company.

8. Description of significant achievements or set-backs in the three quarters of 2018 and events impacting its financial results

A description of events which could have a significant impact on the Issuer's future financial results may be found in points 28 and 31 of this report.

9. Description of factors and events, in particular extraordinary ones, affecting the financial results

In the period from 1/1/2018 to 9/30/2018 the revenues from sale exceeded PLN 17.7 M, which is due to the sale of "Sniper Ghost Warrior 3" (PLN 9.6 M) and "Lords of the Fallen" (PLN 3.8 M).

	for the period from 1/1 to 9/30/2018 PLN thousand	for the period from 1/1 to 9/30/2017 PLN thousand
Continuing operations		
Net revenue from sales	17,661	90,863
Costs of products, goods and services sold	13,010	47,067
Gross profit (loss) on sales	4,651	43,796
Other operating revenues	136	1,151
Selling costs	2,939	25,688
General and administrative costs	4,965	4,407
Other operating expenses	5,574	5,371
Profit (loss) on operating activities	(8,691)	9,481
Financial revenues	426	2,928
Financial expenses	362	4,385
Profit (loss) before tax	(8,627)	8,024
Income tax	3,254	2,778
NET PROFIT (LOSS)	**(11,881)**	**5,246**

In the reported period, the administrative expenses of the Group's management amounted to about PLN 5 million and were higher as compared with the administrative expenses from the corresponding period of the previous year. Whereas, sales costs amounted to PLN 2.9 M. Sales costs were significantly lower than the sales costs of the corresponding period from last year, which is due to the high costs of the promotional activities for the game "Sniper Ghost Warrior 3" incurred by the company in the first three quarters of 2017.

ASSETS	**9/30/2018 PLN thousand**	**12/31/2017 PLN thousand**
A. **NON-CURRENT ASSETS, including:**	**78,747**	**79,089**
Intangible assets	57,929	52,794
Deferred income tax asset	19,581	25,198
Other non-current assets	1,237	1,097
B. **CURRENT ASSETS**	**18,417**	**28,043**
Advances granted	141	362

Trade receivables	2,786	5,919
Cash and cash equivalents	11,406	13,484
Other current assets	4,084	8,278
TOTAL ASSETS	**97,164**	**107,132**

LIABILITIES	**9/30/2018 PLN thousand**	**12/31/2017 PLN thousand**
A. **EQUITY**	**77,824**	**89,427**
B. **LIABILITIES, including:**	**19,340**	**17,705**
Borrowings including credits, loans and other debt instruments	7,324	-
Trade liabilities	3,529	2,395
TOTAL EQUITY AND LIABILITIES	**97,164**	**107,132**

The CI Games Capital Group's carrying amount as at Sunday, September 30, 2018 was PLN 97.2 million and decreased when compared to December 31, 2017 by 9.3%.

The Group's equity as at Sunday, September 30, 2018 was PLN 77.8 M, a PLN 11.6 M decrease in relation to December 31, 2017.

	for the period from 1/1 to 9/30/2018 PLN thousand	**for the period from 1/1 to 9/30/2017 PLN thousand**	**for the period from 1/1 to 12/31/2017 PLN thousand**
Net cash flows from operating activities	7,541	31,406	33,592
Net cash from investing activities	(16,606)	(19,821)	(21,738)
Net cash from financing activities	6,987	(23,851)	(23,794)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	**13,484**	**25,424**	**25,424**
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	**11,406**	**13,158**	**13,484**

As at Sunday, September 30, 2018, the Group held PLN 11.4 M in cash and cash equivalents (a decrease by ca. PLN 2.1 M in comparison to December 31, 2017). During the three periods of 2018, the Group generated positive cash flows from operating activities, amounting to PLN 7.5 million.

In the reporting period, the share of PC games sale in the total revenue from sale increased and reached 31%. Console games continue to account for the largest share of the Group's sales, reaching 69%.

Sales structure	**Q3 2018**	**Q3 2017**	**2017**
Console games	**69%**	**76%**	**82%**
PC games	**31%**	**23%**	**17%**

The greatest share in the Group sales, given the territorial division, for the three quarters of 2018 was taken by North and South America (75% of the aggregate Group sales). The sales share in Asia and Africa in that period increased by 8% which constitutes to the level of the whole 2017.

Territorial structure	**9/30/2018**	**9/30/2018**	**12/31/2017**	**12/31/2017**	**9/30/2017**	**9/30/2017**
	Revenue	**% share**	**Revenue**	**% share**	**Revenue**	**% share**
Europe	3,015	17%	37,243	36%	32,652	36%

Territorial structure	9/30/2018	9/30/2018	12/31/2017	12/31/2017	9/30/2017	9/30/2017
North and South	13,213	75%	56,683	55%	49,937	55%
Asia and Africa	1,433	8%	9,103	9%	8,275	9%
TOTAL	**17,661**	**100%**	**103,029**	**100%**	**90,863**	**100%**

Below is the structure of revenues on products sale

Products structure	9/30/2018	9/30/2018	12/31/2017	12/31/2017	9/30/2017	9/30/2017
	Revenue	**% share**	**Revenue**	**% share**	**Revenue**	**% share**
Own products	3,136	18%	70,581	69%	66,918	74%
Licenses (digital sale)	14,525	82%	32,291	31%	23,840	26%
Other sales	-	0%	157	0%	105	0%
TOTAL	**17,661**	**100%**	**103,029**	**100%**	**90,863**	**100%**

Increase of the revenue on digital sale results from the fact that product (SGW3) entered into subsequent life cycle stage and is the effect of the cyclical nature of sale.

Estimated amounts as at Sunday, September 30, 2018 (data in PLN thousand)

Estimates	**CI Games S.A. 9/30/2018**	**Capital Group 9/30/2018**
Receivables impairment	1,448	1,868
Inventory impairment	759	759
Provision for retirement and similar benefits	-	-
Deferred income tax provision	6,900	6,900
Provision for costs and liabilities	485	760
TOTAL	**9,593**	**10,287**
Net revenue provision for returns and adjustments	74	74

10. Explanations concerning the seasonal or cyclical nature of the Issuer’s business in the reporting period

Due to the variety of revenue streams and specifics of the computer gaming industry, the CI Games Capital Group is subject to sales revenue volatility during the financial year, determined mainly by the process of release of new products for sale.

Production cycle of one game implemented by the Company lasts about 12-24 months.

Company's publishing cycle, within which the release dates of new games are established, is irregular. Release dates of new games are determined once a range of factors was analyzed, including the known publishing plans of competitive entities. As a result, a typical situation for the whole video game industry is the fact that the manufacturers observe significantly higher revenues in the period after the release date of a new game and natural decrease of revenue in the subsequent months. It is the result of seasonality and cyclical nature of the business activity identified by the video games industry around the world.

11. Information on the amount and type of item influencing the assets, liabilities, initial capital, net profit or cash flow that are non-typical due to their type, value or frequency

As at the date of the publication of these financial statements, there were not non-typical amounts in terms of their type, value or frequency.

12. Information about inventory depreciation write-down to net recoverable values and potential write-downs

	9/30/2018	9/30/2017	12/31/2017
Inventory impairment	759	101	69

13. Information about financial assets, tangible fixed assets, intangible assets or other assets depreciation write-down to recoverable values and their potential write-down

	9/30/2018	9/30/2017	12/31/2017
Receivables impairment	1,868	1,848	1,674

14. Information on change of provisions

	9/30/2018	9/30/2017	12/31/2017
Deferred income tax assets	19,581	27,004	25,198
Deferred income tax provision	6,900	9,496	9,263

15. Information on provisions and assets due to deferred income tax

	9/30/2018	12/31/2017	9/30/2017
DEFERRED TAX			
Deferred tax asset			
Opening value	**25,198**	**23,035**	**23,035**
Including asset compared to the financial result	**25,198**	**23,035**	**23,035**
Increases compared to the financial result	**19,581**	**25,198**	**27,004**
cost provision	19	155	97

receivables valuation allowances	249	304	278
interest valuation allowances	-	495	495
inventory impairment	144	13	19
intangible assets write-offs	-	456	-
valuation of short-term investments	-	4	1
tax loss	19,082	21,852	19,984
unpaid payables	-	-	430
provision for returns and sales corrections	14	-	2,082
deferred revenue	-	230	277
value of bought trade marks	-	-	
difference between the balance-sheet and tax value	-	-	2,168
other	73	1,689	1,174
Decreases compared to the financial result	**(25,198)**	**(23,035)**	**(23,035)**
Closing value	**19,581**	**25,198**	**27,004**

Deferred tax provisions			
Opening value	**9,263**	**2,751**	**2,751**
Including provision compared to the financial result	**9,263**	**2,751**	**2,751**
Increases compared to the financial result	**6,900**	**9,263**	**9,496**
reserve valuation for returns	-	1	-
receivables valuation allowance	-	2	-
exchange differences	55	-	43
other	-	1	-
differences between the balance-sheet and tax value of tangible fixed assets	6,845	9,259	9,453
Decreases compared to the financial result	**(9,263)**	**(2,751)**	**(2,751)**
Closing value	**6,900**	**9,263**	**9,496**

16. Information on major transactions of sale and purchase of intangible fixed assets

In the reported period, there were no major transaction of sale and purchase of intangible fixed assets.

17. Information on significant liability on purchase of tangible fixed assets

As at the date of this report, there were no major liabilities on purchase of intangible fixed assets.

18. Indication of errors corrections of previous periods

In the reported quarter, there were no errors of previous periods.

19. Information on nonpayment of a credit or loan or breach of relevant provisions of credit or loan agreement towards which no corrective steps were made till the end of the reporting period

In the reported period, no breaches of credit or loan agreements took place.

20. Information on re-classification of financial assets due to the change of purpose or usage of these assets

In the reported quarter no re-classification of financial assets due to the change of purpose or usage of these assets took place.

21. Indication of important proceedings in progress before a court, competent authority for arbitration proceedings or public administration authority

As at the date of the report, the Issuer's Management Board has no information concerning any proceedings in progress against it or its subsidiaries, the value of which (separately or jointly) exceeds 10% of the Issuer's equity.

22. Information on change in contingent liabilities or assets which has occurred since the end of the last financial year

As at 9/30/2018, the Parent held the following contingent liabilities:

- a bank guarantee issued by Powszechna Kasa Oszczędności Bank Polski S.A. on 5/5/2016, up to the amount of PLN 433,816.66 for Bertie Investments Sp. z o.o. concerning the lease of the office space at ul. Puławska 182. The guarantee is valid until 12/25/2018;
- blank promissory note together with promissory note declaration issued by the Company on 5/5/2016, for collateral of receivables of Powszechna Kasa Oszczędności Bank Polski S.A. due to implementation of bank guarantee, referred to above;
- blank promissory note issued by the Company together with promissory note declaration on 1/9/2018 as means of securing the receivables of mBank S.A. to secure repayment of the overdraft facility and revolving facility amounting in total to PLN 35 M;
- bank guarantee issued by mBank S.A. on 7/27/2018 up to the amount of EUR 114 thousand for EP Office 1 Sp. z o.o., EP Office 2 sp. z o.o., EP Apartments Sp. z o.o., EP Retail Sp. z o.o. for the rent of office space at ul. Zajęcza 2B. The guarantee is valid until 7/16/2023;
- blank promissory note together with promissory note declaration issued by the Company on 7/27/2018, for collateral of receivables of mBank S.A. due to implementation of bank guarantee, referred to above;
- Framework Agreement for the financial market transaction concluded with mBank S.A. on 8/9/2018;
- blank promissory note together with promissory note declaration issued by the Company on 8/9/2018, for collateral of receivables of mBank S.A. to secure the Framework Agreement for the financial market transaction, referred to above.

The regulations concerning the Goods and Services Tax, Corporate Income Tax, Personal Income Tax or social security contributions undergo frequent changes and consequently there is often no reference to the established regulations or legal precedents. The applicable regulations are unclear at times, resulting in differing opinions concerning legal interpretation of tax regulations both between the public bodies, and between the public bodies and companies. The tax and other settlements (including customs or foreign currency) can be checked by bodies authorized to impose significant penalties and the additional payables determined during the inspection must be paid together with the applicable interest. For this reason, the tax-related risk is higher in Poland than in the countries with more developed tax system.

The tax settlements can be checked for five years. Consequently, the sums named in the financial statement can be changed on a later date, after the tax authorities determine their ultimate value. The Company believes that appropriate provisions were created for the probable and quantifiable risks.

The Group does not have any other contingent liabilities.

23. Information on grant by the Issuer or one of its subsidiaries of sureties for credit or loans or grant of guarantees – to one entity or subsidiary from such entity if the total value of existing sureties or guarantees constitutes the equivalent of at least 10% of the Issuer's equity

During the period from Monday, January 1, 2018, to Sunday, September 30, 2018, neither the Issuer nor any of its subsidiaries issued loan sureties or guarantees, the value of which could constitute at least 10% of the Issuer's equity.

24. Information concerning the issue, buy-back and repayment of non-equity and debt instruments

On March 19, 2018, pursuant to the decision of the Management Board of Giełda Papierów Wartościowych w Warszawie S.A. dated March 15, 2018, 40,000 of ordinary bearer series F shares were admitted to exchange trading. At the same time, these shares were recorded on the securities account of the entity which subscribed to these shares in relation to the implementation of the Incentive Programme addressed to key employees and associates of the Company, including the Members of the Board of CI Games S.A. with its registered office in Warsaw.

Pursuant to the above and pursuant to the provision of art. 452 (1) of Code of Commercial Companies, the day the said Company's shares, subscribed by shareholders within the conditional increase of Company's capital, were recorded on specific securities accounts, the Company's capital increased by PLN 400. After the increase, the Company's capital amounts to PLN 1,511,099.90 and is divided into 151,109,990 shares of nominal value of PLN 0.01 each share. The total number of votes resulting from all Company's shares is 151,109,990.

25. Effects of changes in organizational structure of the economic entity, including as a result of merging economic entities, acquisition or disposal of group entities, non-current investments, divisions, restructuring and discontinuation of activity

The CI Games Capital Group's organizational structure did not change significantly during the reporting period.

26. Information on conclusion by the Issuer or one of its subsidiaries of one or more transactions with related entities, if these are individually or jointly significant and were executed on conditions other than market conditions, with indication of their values

During the reporting period the parent and subsidiaries did not execute transactions which were atypical, exceeded the normal course of operating activities with related entities and which were significant either individually or jointly.

27. Information concerning paid (or declared) dividends, both total and per share, with division into ordinary and preferred shares

During the reporting period, the parent, CI Games S.A., neither paid out nor declared any dividends.

28. Other information which the Issuer's management believes is essential for assessment of its HR, asset or financial situations, financial result and change thereto, as well as information essential for assessing the Issuer's ability to satisfy its liabilities in the reporting period

On Tuesday, January 9, 2018, CI Games S.A. entered into two credit agreements with mBank S.A.: agreement for revolving credit facility in Polish zlotys and an overdraft agreement of the total value of PLN 35 million. Revolving credit facility agreement has been concluded for a definite period till Tuesday, June 30, 2020. The overdraft agreement has been concluded for a definite period till Wednesday, January 29, 2020. The collateral for the revolving credit facility and an overdraft agreement is the registered pledge on the Parent company's shares in the amount of 15,000,000, held by Marek Tymiński, blank promissory note issued by the Company together with promissory note declaration, global transfer of liabilities to the Bank resulting from the agreements with selected Company's partners.

29. Management's position concerning the possibility to meet previously published earnings forecasts for a given financial year in light of results presented in the quarterly report in relation to forecast results

The Issuer's management did not publish any estimates or forecasts concerning the CI Games Capital Group's consolidated results other than those presented in this report.

30. Indication of events which occurred after the date as of which the quarterly financial statements were drawn up such as were not recognized in the statements and which may have a significant impact on the Issuer's future financial results

As at the date of publication of this report, no significant not recognized in the statements events took place, which could have a significant impact on the Issuer's future financial results.

31. Indication of factors which, in the opinion of the Issuer's management, may have an impact on achievement by the Company of financial results in the perspective of at least the subsequent quarter

1) The CI Games Capital Group consistently implements its growth strategy aimed at regular releasing high quality video games. The quality is the decisive factor impacting product planning and development activities in the production, promotion and sales process. The Group produces games for PCs, consoles Xbox One® and PlayStation®4, as well as for iOS and Android platforms.
The Issuer's Management Board believes that the current strategy will allow the CI Games Capital Group to achieve financial success and strengthen its position in global markets. The Parent's Management Board believes that the Group has the necessary competences and technical capabilities to develop, release and distribute high quality games.

2) On June 1, 2018, an agreement was concluded between the Company and Defiant Studios LLC with its registered place of business in New York on the basis of which Defiant Studios LLC will develop, based on its own creative vision, a video role-playing game (RPG) version for XboxOne, Playstation4 and PC, which will be the next game in the "Lords of the Fallen" series. Defiant is a well-known developer of video games.

3) On August 16, 2018, the Company informed that the newest game of the Company titled "Sniper Ghost Warrior Contracts" with the use of CryEngine will be published in 2019 for the following platforms: PC, PS4, XboxOne in single player and multiplayer mode. The game will be of tactical shooter type and will make use of technical solutions and experience of the production team of the Company gained during the production of SGW3.

4) As at the day of publication of this report, the use of the credit granted by mBank S.A. amounts to PLN 12.2 M.

Marek Tymiński	**Monika Rumianek**
President of the Management Board	**Member of the Management Board**

Warsaw, Friday, November 23, 2018


GAMES