

CI GAMES CAPITAL GROUP

QUARTERLY

CONSOLIDATED AND INDIVIDUAL

FINANCIAL STATEMENTS

For the period from 1 January to 31 March 2020



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SELECTED CONSOLIDATED FINANCIAL STATEMENTS

Profit and Loss Accounts	for the period from 1.01 to 31.03.2020		for the period from 1.01 to 31.03.2019	
	PLN'000	EUR'000	PLN'000	EUR'000
Net revenue from sales	12 304	2 799	4 283	997
Profit (loss) from operating activities	728	166	(1 976)	(460)
Gross profit (loss)	2 251	512	(1 952)	(454)
Net profit (loss)	1 499	341	(1 952)	(454)
Number of shares (in thousands)	161 943	161 943	151 110	151 110
Profit (loss) per ordinary share (PLN/share)	0,01	0,00	(0,01)	(0,00)

Statement of cash flow	for the period from 1.01 to 31.03.2020		for the period from 1.01 to 31.03.2019	
	PLN'000	EUR'000	PLN'000	EUR'000
Net cash flows from operating activities	17 301	3 935	(86)	(20)
Net cash flows from investing activities	(4 055)	(922)	(7 865)	(1 830)
Net cash flows from financing activities	(5 347)	(1 216)	6 825	1 588
Net cash flows	7 899	1 797	(1 126)	(262)

Balance sheet	As of 31.03.2020		as of 31.12.2019	
	PLN'000	EUR'000	PLN'000	EUR'000
Non-current assets	60 192	13 222	62 297	14 629
Current assets	31 711	6 966	34 803	8 173
Total assets	91 903	20 188	97 100	22 801
Equity	61 530	13 516	60 318	14 164
Initial capital	1 619	356	1 619	380
Liabilities	30 373	6 672	36 782	8 637
Non-current liabilities	5 623	1 235	6 474	1 520
Current liabilities	24 750	5 437	30 308	7 117
Total equity and liabilities	91 903	20 188	97 100	22 801

SELECTED INDIVIDUAL FINANCIAL STATEMENTS

Profit and Loss Accounts	for the period from 1.01 to 31.03.2020		for the period from 1.01 to 31.03.2019	
	PLN'000	EUR'000	PLN'000	EUR'000
Net revenue from sales	11 988	2 727	4 151	966
Profit (loss) from operating activities	1 308	298	(1 572)	(366)
Gross profit (loss)	2 898	659	(1 539)	(358)
Net profit (loss)	2 062	469	(1 539)	(358)
Number of shares (in thousands)	161 943	161 943	151 110	151 110
Profit (loss) per ordinary share (PLN/share)	0,01	0,00	(0,01)	0,00

Statement of cash flow	for the period from 1.01 to 31.03.2020		for the period from 1.01 to 31.03.2019	
	PLN'000	EUR'000	PLN'000	EUR'000
Net cash flows from operating activities	16 772	3 815	21	5
Net cash flows from investing activities	(4 627)	(1 052)	(8 152)	(1 897)
Net cash flows from financing activities	(5 009)	(1 139)	6 825	1 588
Net cash flows	7 136	1 623	(1 306)	(304)

Balance sheet	for the period from 1.01 to 31.03.2020		for the period from 1.01 to 31.03.2019	
	PLN'000	EUR'000	PLN'000	EUR'000
Non-current assets	66 123	14 525	67 713	15 901
Current assets	33 216	7 297	34 031	7 991
Total assets	99 339	21 822	101 744	23 892
Equity	68 820	15 118	66 758	15 676
Initial capital	1 619	356	1 619	380
Liabilities	30 519	6 704	34 986	8 216
Non-current liabilities	30 519	6 704	6 474	1 520
Current liabilities	24 896	5 469	28 512	6 695
Total equity and liabilities	99 339	21 822	101 744	23 892

I. Financial data of CI GAMES Capital Group

CONSOLIDATED STATEMENT ON FINANCIAL CONDITIONS

ASSETS	As of 31.03.2020 PLN'000	as of 31.12.2019 PLN'000	as of 31.03.2019 PLN'000
A. Non-current assets	60 192	62 297	69 166
Property, plant and equipment	321	376	357
Intangible assets	51 472	52 885	57 568
Deferred income tax asset	2 873	1 943	-
Other non-current assets	985	1 133	4 876
Deferred tax asset	4 541	5 949	6 337
Other non-current assets		11	28
B. Current assets	31 711	34 803	18 693
Inventory	2 611	3 118	2 361
Advances granted	100	25	378
Trade receivables	9 029	19 921	3 771
Cash and cash equivalents	14 558	6 659	11 486
Other current assets	5 413	5 080	697
Total assets	91 903	97 100	87 859

LIABILITIES & EQUITY	As of 31.03.2020 PLN'000	as of 31.12.2019 PLN'000	as of 31.03.2019 PLN'000
A.	61 530	60 318	51 927
Share capital	1 619	1 619	1 511
Share premium	49 759	49 759	40 588
Reserve capital for the acquisition of shares	16 000	16 000	16 000
Dividend capital	126	413	376
Retained earnings	(5 974)	(7 473)	(6 548)
including profit for the period	1 499	(2 877)	(1 952)
Equity attributable to owners of the Parent	61 530	60 318	51 927
Equity attributable to non-controlling interests	-	-	-
B. LIABILITIES	30 373	36 782	35 932
Non-current liabilities	5 623	6 474	25 887
Loans, credit and other debt instruments	-	-	18 429
Finance lease liabilities	74	269	3 824
Deferred income tax provision	5 549	6 205	3 634
Current liabilities	24 750	30 308	10 045
Borrowings including credits, loans and other debt instruments	19 078	24 051	4 824
Income tax liabilities	-	-	450
Trade liabilities	3 389	4 675	2 755
Finance lease liabilities	667	634	1 186
Other liabilities	299	176	101
Other current provisions	1 227	682	729
Deferred revenues	90	90	-
Total equity and liabilities	91 903	97 100	87 859
Book value (in PLN thousand)	61 530	60 318	51 927
Number of shares (in thousands)	161 943	161 943	151 110
Weighted average number of shares (in thousands)	161 943	155 414	151 110
Book value per share (in PLN)*	0,38	0,39	0,34

*weighted average number of shares

CONSOLIDATED statement of comprehensive income
(costs by function)

	for the period from 1.01 to 31.03.2020 PLN'000	for the period from 1.01 to 31.03.2019 PLN'000
Statement of comprehensive income		
Continuing operations		
Net revenue from sales	12 304	4 283
Revenue from sale of products and services	12 304	3 897
Revenue from sale of goods and materials	-	386
Costs of products, goods and services sold	(6 994)	(3 819)
Manufacturing cost of products sold	(6 994)	(3 817)
Value of goods and materials sold	-	(2)
Gross profit (loss) on sales	5 310	464
Other operating revenues	47	101
Selling costs	(2 289)	(1 231)
General and administrative costs	(1 534)	(1 093)
Other operating expenses	(806)	(217)
Profit (loss) on operating activities	728	(1 976)
Financial revenues	1 584	176
Financial expenses	(61)	(152)
Profit (loss) before tax	2 251	(1 952)
Income tax	(752)	-
current tax due	-	-
deferred tax	(752)	-
Profit (loss) on continuing operations	1 499	(1 952)
Discontinued operations	-	-
Loss from discontinued operations	-	-
Net profit (loss)	1 499	(1 952)
Total other comprehensive income, including:		
Foreign exchange differences from translation of foreign entities	(287)	9
Total income for the financial year	1 212	(1 943)
Net profit (loss) in thousands of PLN	1 499	(1 952)
Number of shares (in thousands)	161 943	151 110
Profit (loss) per ordinary share (in PLN)	0,01	(0,01)

Consolidated cash flow statement

(indirect method)

	for the period from 1.01 to 31.03.2020 PLN'000	for the period from 1.01 to 31.03.2019 PLN'000
Statement of cash flow		
Cash flows from operating activities		
Gross profit (loss)	2 251	(1 952)
Total adjustments	15 050	1 866
Depreciation	4 865	3 060
Impairment loss (reversal)	-	-
Profit (loss) on foreign exchange differences	1	(47)
Interest	87	120
Comission on loans	-	-
Profit (loss) on sale of non-current assets	-	(5)
Profit (loss) on investment activity	-	-
Change in receivables	10 892	(661)
Change in inventory and prepayments	507	(16)
Change in trade and other payables	(1 163)	(828)
Change in employee benefit provisions and liabilities	545	(60)
Change in other current assets	(397)	300
Tax paid	-	-
Deferred revenues	-	-
Other adjustments	(287)	3
Net cash flows from operating activities	17 301	(86)
Cash flows from investing activities		
Repayment of loans granted	-	-
Cash inflows on disposal of property, plant and equipment and intangible assets	-	5
Cash outflows on acquisition of property, plant and equipment and intangible assets	-	(34)
Cash outflows on development works	(4 055)	(7 836)
Cash outflows on acquisition of financial assets	-	-
Cash outflows on loans granted	-	-
Net cash from investing activities	(4 055)	(7 865)
Cash flows from financing activities		
Net proceeds from the issue of shares and other capital instruments	-	-
Incurrence of borrowings	30	7 041
Repayment of borrowings	(5 000)	-
Repayment of finance lease liabilities	(172)	(55)
Interest	(205)	(161)
Other financial outflows	-	-
Net cash from financing activities	(5 347)	6 825
Total net cash flows	7 899	(1 126)
Exchange differences on cash	-	-
Balance sheet changes in cash and cash equivalents	7 899	(1 126)
Cash and cash equivalents at the beginning of the period	6 659	12 612
Cash and cash equivalents at the end of the period	14 558	11 486

Consolidated statement of changes in equity

For the period from 01.01. to 31.03.2020	Share capital	Share premium	Reserve capital for buyback of own shares	Other reserve capital	Differences from translation	Retained earnings	Equity
	PLN'000	PLN'000	PLN'000	PLN'000	PLN'000	PLN'000	PLN'000
As of 01.01.2020	1 619	49 759	16 000	-	413	(7 473)	60 318
Adjustment of result for previous years	-	-	-	-	-	-	-
As of 01.01.2020, upon coversion	1 619	49 759	16 000	-	413	(7 473)	60 318
CHANGES IN EQUITY							
Profits and losses in the period	-	-	-	-	-	1 499	1 499
Issue of shares	-	-	-	-	-	-	-
Translation differences	-	-	-	-	(287)	-	(287)
As of 31.03.2020	1 619	49 759	16 000	-	126	(5 974)	61 530

For the period from 01.01. to 31.03.2019	Share capital	Share premium	Reserve capital for buyback of own shares	Other reserve capital	Differences from translation	Retained earnings	Equity
	PLN'000	PLN'000	PLN'000	PLN'000	PLN'000	PLN'000	PLN'000
As of 01.01.2020	1 511	40 588	16 000	-	367	8 348	66 814
Adjustment of result for previous years	-	-	-	-	-	(12 944)	(12 944)
As of 01.01.2019, upon coversion	1 511	40 588	16 000	-	367	(4 596)	53 870
CHANGES IN EQUITY							
Profits and losses in the period	-	-	-	-	-	(2 877)	(2 877)
Issue of shares	108	9 171	-	-	-	-	9 279
Translation differences	-	-	-	-	46	-	46
As of 31.12.2019	1 619	49 759	16 000	-	413	(7 473)	60 318

For the period from 01.01. to 31.03.2019	Share capital	Share premium	Reserve capital for buyback of own shares	Other reserve capital	Differences from translation	Retained earnings	Equity
	PLN'000	PLN'000	PLN'000	PLN'000	PLN'000	PLN'000	PLN'000
As of 01.01.2019	1 511	40 588	16 000	-	367	8 348	66 814
Adjustment of result for previous years	-	-	-	-	-	(12 944)	(12 944)
As of 01.01.2019, upon coversion	1 511	40 588	16 000	-	367	(4 596)	53 870
CHANGES IN EQUITY							
Profits and losses in the period	-	-	-	-	-	(1 952)	(1 952)
Issue of shares	-	-	-	-	-	-	-
Translation differences	-	-	-	-	9	-	9
As of 31.03.2019	1 511	40 588	16 000	-	376	(6 548)	51 927

II. Key information about CI Games Capital Group

1. Description of the Capital Group organisation including entities covered by consolidation

- CI Games S.A. („The Parent Entity”, „the Company”) was registered on 06.01.2007 as City Interactive S.A. as a result of conversion of CITY INTERACTIVE Sp. z o.o. by a notarial deed with repertory number A 2682/2007 of 16.05.2007. On 07.08.2013, the District Court for the Capital City of Warsaw in Warsaw, 13th Commercial Division of the National Court Register, recorded a change in the name of the Company from the previous name to CI Games S.A. The registered office of the Company is located in Warsaw at 2B Zajęcza Street.
- The Company is entered in the Register of Entrepreneurs under the number KRS 0000282076. The entry was made by the District Court for the Capital City of Warsaw in Warsaw, 13th Commercial Division of the National Court Register.
- The core business activity of the Company consists of production, publishing and distribution of video games.
- Tax identification number (NIP): 118-15-85-759.
- Statistical identification number (REGON): 017186320.
- The Company has been established for an unlimited period of time.

CI Games is the parent entity of the Capital Group, preparing these consolidated financial statements.

As of 31.03.2019, CI Games Capital Group consisted of the following entities:

- CI Games S.A. (formerly City Interactive S.A.) with a registered office in Warsaw. Share capital: PLN 1,619,430.15 Parent entity.
- United Label S.A. with a registered office in Warsaw. Share capital: PLN 100,000 100% shares held by CI Games S.A.
- CI Games USA Inc. with a registered office in the state of Delaware, United States of America. Share capital: USD 50,000. 100% shares held by CI Games S.A.
- Business Area sp. z o.o. with a registered office in Warsaw. Share capital: PLN 5,000 100% shares held by CI Games S.A.
- Business Area sp. z o.o. sp. j. with a registered office in Warsaw. 99.99% shares held by CI Games S.A.; the remaining 0.01% held by Business Area sp. z o.o.
- CI Games S.A. sp.j. with a registered office in Warsaw (converted from CI Games IP sp. z o.o. as of September 19th, 2015). 99.99% shares held by Business Area sp. z o.o.; the remaining 0.01% shares held by CI Games S.A.
- The established company CI Games UK Ltd. with a registered office in Uxbridge, United Kingdom. 100% shares held by CI Games S.A. The Company has not been consolidated due to materiality level.

2. Composition of governing bodies of the Parent Entity

Members of the Management Board of the Parent Entity:

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

Composition of the Supervisory Board of the Company in the first quarter 2020 was as follows:

Ryszard Bartkowiak	Chairman of the Supervisory Board
Norbert Biedrzycki	Member of the Supervisory Board
Marcin Garliński	Member of the Supervisory Board
Grzegorz Leszczyński	Member of the Supervisory Board
Tomasz Litwiniuk	Member of the Supervisory Board

3. Shareholding structure

As of the date of submission of this report i.e. 22 May 2020, according to the best knowledge of the Board of the Parent Entity, shareholding structure having direct and indirect share via related parties at least 5% in total number of votes in the shareholders' meeting was the following:

Share capital- structure	Number of shares and number of voting rights	% of votes in share capital of the Company and % of votes
Marek Tymiński	52 663 570	32,52%
Other shareholders	109 279 445	67,48%
All shareholders in total	161 943 015	100,00%

4. Information on shares of the Company held by managing and supervising persons

As of the date of submission of this report, the managing and supervising persons had the following number of shares:

Person	Function	State as of 31.12.2019	As of 22.05.2020 (report publication date)
Marek Tymiński	President of the Management Board of CI Games S.A.	52,663,570	52,663,570
Monika Rumianek	Member of the Management Board of CI Games S.A.	150,000	150,000

Marek Tymiński, President of the Management Board of CI Games S.A. holds 52,663,570 shares of the Parent Entity, which represents 32.52% in the share capital of CI Games S.A. and 32.52% of the total number of votes in the general shareholders' meeting.

Monika Rumianek, member of the Management Board holds 150.000 shares which represents less than 0.09% in the share capital of the Parent Entity and less than 0.09% in total votes in the Company and total votes during the general shareholders' meeting.

According to the best knowledge of the Company, the members of the Supervisory Board do not hold shares in the Company.

III. Basis of preparation of the financial statements

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

Individual quarterly financial statement of CI Games SA and consolidated financial statements of CI Games Capital Group (“the Group”, “CI Games Group”, “the Capital Group”) encompasses the period from 01.01.2020 to 31.03.2020 and the balance sheet data has been presented as of 31.03.2020 and comparable data as of 31.12.2019, 31.12.2018.

The scope of the interim financial statements being part of the quarterly report is consistent with the IAS 34 “Interim financial reporting” as well as the Regulation of the Minister of Finance of 29 March 2018 on current and periodic information delivered by issuers of securities and on requirements for recognition of information required by law of countries other than member states as equivalent (Journal of Laws of 2018 item 757 (“the Regulation”) and encompasses reporting period from 1 January to 31 March 2020 and comparable period from 1 January to 31 March 2019.

The quarterly consolidated and individual statements were prepared in accordance with the International Financial Reporting Standards and interpretations issued by the International Accounting Standards Board (IAS/IFRS).

The quarterly interim financial statements do not include all information and disclosures required by annual financial statements and therefore they should be read in conjunction with the Financial Statement of CI Games Capital group for the period ended 31 December 2019 approved for the release on 27 March 2020.

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

The Management Board verifies the estimates and assumptions on an ongoing basis and records any changes in these in the period, in which they were made. The key judgments and estimates made by Management applied in the preparation of interim financial statements remained unchanged compared to the judgments and estimates applied in the consolidated financial statements ended 31.12.2019 r.

2. Assumption of going concern

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

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

3. Statement of conformity

This condensed quarterly financial statement was prepared in accordance with the International Accounting Standard 34 “Interim Financial Reporting” approved by the EU (“IAS 34”) and the Regulation of the Minister of Finance of 29.03.2018 on current and periodic information delivered by issuers of securities and on requirements for recognition of information required by law of countries other than member states as equivalent (Journal of Laws of 2018, item 757);

The consolidated and individual quarterly financial statements presented provide a reliable description of the financial situation and assets of the Group and the Company as of 31 March 2020, their business results and cash flows for the period of 3 months ended on 31 March 2020.

4. Functional currency and presentation currency

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

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

- as of 31/03/2020 - 4,5523 PLN/ EUR
- as of 31/12/2019 - 4,2585 PLN/ EUR

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

- for I quarter 2020 - 4,3963 PLN/ EUR
- for I quarter 2019 - 4,2978 PLN/ EUR

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

A description of the material accounting principles applied by the Issuer can be found in the financial statement for the year ended on 31 December 2019, which was made public on 27 March 2020.

6. New standards and interpretations published, which have not come into force

In these consolidated financial statements, the Group did not decide to introduce early the standards published or their interpretations prior to their entry into force.

The standards and interpretations approved by the International Accounting Standards Board (IASB) to be applied after January 1st, 2020 and after January 1st, 2021 (but not approved yet by the European Union):

- Changes with regard to references to Conceptual Framework in IFRS (applicable to annual periods starting on January 1st, 2020 or later).
- **Adjustments to IFRS 3 “Business Combinations”**: the definition of a business (applicable to combinations, for which the takeover date falls on the beginning of the first annual period commencing on January 1st, 2020 or later and with reference to acquisition of assets on the date of commencement of this annual period or later).
- **Adjustments to IAS 1 “Presentation of financial statements” and IAS 8 “Accounting policies, changes in accounting estimates and errors “**. The changes pertain to definition of materiality (applicable to annual periods starting on January 1st, 2020 or later).
- **IFRS 17 “Insurance contracts”**. The standard is applicable to annual periods starting on January 1st, 2018 or later.
- **IFRS 14 “Regulatory Deferral Accounts”** (applicable to annual periods commencing on January 1st, 2016 or later) - the European Commission has decided not to commence the process of approval of this provisional standard to be used within the territory of the EU until the date of publication of the final version of the proper full standard IFRS 14.
- Amendments to IFRS 10 “Consolidated financial statements” and IAS 28 **“Investments in Associates and Joint Ventures”** - Sales or contribution of assets between an investor and their associate or joint venture and subsequent amendments (the date of entry into force of these amendments has been postponed until completion of research work on the equity method).

The dates of entry into force, indicated above, are based on the content of standards announced by the Council for International Financial Reporting. The dates of entry into force of standards in the European Union may differ from dates of entry into force based on the content of the standards and are announced as the standard has been approved for application by the European Union. The Group has decided not to introduce early any of the standards, interpretations or amendments, listed above, which have been published but have not come into force. According to estimates of the Company,

the standards, interpretations and amendments to standards listed above shall have no significant impact upon the financial statements of the Company and the Group.

The dates of entry into force are based on the content of standards announced by the Council for International Financial Reporting. The dates of entry into force of standards in the European Union may differ from dates of entry into force based on the content of the standards and are announced as the standard has been approved for application by the European Union. The Group is in the course of analysis of estimates of importance of impact of the standards listed above on financial statements of the Company.

7. Audit performed by statutory auditor

These quarterly consolidated and individual financial statements along with the selected components were not audited by an independent statutory auditor.

IV. Notes to the financial statements for the period from 1 January to 31 March 2020

1. Description of significant achievements or failures in the first quarter of 2020 including a list of key associated events

- In the first quarter of year 2020, the Group recorded revenues on sales in the amount of PLN 12.3 million, generated in 72% by sales of the "Sniper Ghost Warrior Contracts" ("SGWC"). The consolidated gross profit in this period, amounting to PLN 2.3 million, was decreased by a change in non-cash balance of deferred tax in the amount of PLN 0.8 million.
- The level of global digital sales of the "SGWC" in November and December 2019, including all pre-orders made and completed, was 24% higher in comparison with sales of "SGW3" in the analogical period of April and May 2017. In the first quarter of 2020, the sales volume for "SGWC" was higher by 48% in comparison with that of "SGW3" in the analogical period of three months (June to August 2017). On the basis of this data, taking also into consideration the digital channels, the Management Board of the Company expects the sales volume of the "SGWC" to be higher both in the short- and the long-term perspective in comparison with the "SGW3". At the end of February of this year, resale to end customer of the volume placed on the global market exceeded 50% despite the limited pricing promotions introduced only on selected markets. Overall sales of the "SGWC" by quantity in physical distribution channels is lower in comparison with the "SGW3". The Management Board is of opinion that this is caused, among other things, by the growing share of digital channel game sales in relation to traditional channels using physical carrier media, in particular, in the AA category of games in the so-called mid-price range. The Company has assessed resale in physical distribution channels as satisfactory and entirely sufficient to enable planning of subsequent premieres in this channel; at the same time, it expects a gradual decrease in the share of this channel on behalf of the growing share of digital distribution in the Company's global sales.
- The Management Board has estimated that the "SGWC" would achieve a return on investment (including the marketing expenses) no later than in the third quarter of 2020.
- In January 2020, the Company repaid fully its overdraft facility (in the amount of PLN 5 million) based on the agreement with mBank S.A. of 09.01.2018.
- The Management Board of the Company is now in the course of negotiations with mBank, concerning extension of the period of financing based on the Revolving Credit Agreement of 09.01.2018. The credit amount has been dedicated to financing of three projects by mBank. The maturity date for this credit is 30.06.2020.
- In the first quarter of 2020, the Company continued development works resumed in December 2019 on the game under the working title Tactical Shooter 2 (at present, „Sniper Ghost Warrior Contracts 2") based on the Cry Engine. The game is to present a new key feature, which may attract new players to the series and keep the fans of the "SGWC" satisfied.
- In addition, in early January 2020, the Company commissioned one of its partners to do significant development work on the "SGW" series, moving beyond the "SGWC2".
- The Company is also continuously working on the "Lords of the Fallen 2" based on cooperation of its own team with subcontractors (as in the case of the "SGWC" series). A very experienced internal team of the Company in two geographical locations is currently working on the game. The "Lords of the Fallen 2" is the biggest project of the Company, both in terms of the budget and the sales potential.
- In the 1st quarter of 2020, United Label S.A. introduced two games - „Röki" and „Eldest Souls" during the MIX Live Showcase and the Steam Game Festival. The „Eldest Souls" ranked first during the MIX Live Showcase as the laureate of the „Best of MIX Live Showcase" prize.

- In March of this year, introduction of the "Eldes Souls" on the Nintendo Switch was announced during the Indie World Showcase. The announcement was broadcast using the official Nintendo channels.

2. A description of factors and events, particularly unusual, which have impact on the financial results achieved

From 1 January to 31 March 2020, no unusual events occurred, which would have impact on the financial results of the Company.

The Management Board is of opinion that the COVID-19 epidemic is not an event that would cause adjustments to the consolidated financial statements for the first quarter of 2020. However, as the economic situation is changing constantly, the Management Board of the Issuer believes it is not possible to present the potential long-term impact of the epidemic on the Group as of the report publication date. The Management Board considers this situation to be an event, which does not lead to adjustments in the financial statements for year 2019 and for the first quarter of year 2020. In the opinion of the Management Board, it is not possible to develop estimates of the potential long-term impact of the present situation on the Company, although positive impact on sales was recorded in the first quarter of this year in China, particularly in January and February of this year through the Steam platform. The Management Board is monitoring the potential impact continuously with the intention to exercise all available measures to mitigate any negative effect on the Company.

From 1 January to 31 March 2020, no other unusual events occurred, which would exert impact on the financial results generated.

3. Explanations concerning the seasonal or cyclical nature of activity of the Issuer in the presented period

Due to diversified sources of revenues and the specific nature of the market of video games, CI Games is characterized by variability of revenues from sales in the trading year, determined mainly by introduction of new products on the market.

A game production cycle at the Company is usually 12 to 36 months long. In the case of simultaneous production of two games, the premieres of these games feature significant asymmetric cyclicity. Thus, the publishing cycle of the Company, in which new game premiere dates are determined, is characterized by irregularity. The Issuer establishes the dates of premiere sales of the games to select the most favourable competitive environment, including in the context of known publishing plans of competitive entities, to achieve the maximum financial benefits associated with the premiere.

As a result, it is a typical phenomenon in the entire video games sector that producers record significantly higher revenues in the period directly following the launch of a new game, and a rather natural decrease in revenues in the following months. It is obviously a result of high seasonality and cyclicity of activity, experienced by the video game sector around the world.

4. Information about operational segments

The basic segments in activity of the Group are production and sales of own games and publishing activity commenced in the 2nd half of year 2018. Due to the fact that in 2019 and 1Q2020 there were no sales in this segment, but only costs were recorded (mainly salaries, search for new projects, external services and marketing costs), the Group failed to meet the requirement of IFRS 8 and thus does not present its results according to these segments. In 1Q 2020 the costs of publishing segment amounted to PLN 363 thousand) (in CI Games and United Label S.A.).

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

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

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

As of 31 March 2020, the impairment loss on inventories amounted to PLN 158 thousand (there was no change in relation to the balance of 31 December 2019).

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

As of 31 March 2020, the impairment loss on receivables amounted to PLN 295 thousand, which constitutes a reduction due to reversal of old write-offs in the amount of PLN 1,679 thousand.

CHANGE OF REVALUATION ALLOWANCE

	PLN'000
Balance as of 01.01.2020	1 974
<i>Increaseses, including:</i>	-
- allowance for overdue and in disputes	-
<i>Decreaseses, including:</i>	(1 679)
- release of the allowance resulting from repayment;	-
- release of the allowance resulting from write-offs;	(1 679)
Balance as of 31.03.2020	295

As of 31.03.2020, there were no impairment losses on financial assets, property, plant and equipment, intangible assets and no reversals of such losses.

8. Information about changes in provisions

PROVISIONS CHANGES	Unused holidays provision PLN'000	Other provisions PLN'000
Balance as of 01.01.2020	118	564
Creation of the reserve	57	704
Utilisation of the reserve	89	127
Release of the reserve	-	-
Balance as of 31.03.2020	86	1 141

9. Tax

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

- A current tax charge is calculated on the basis of the tax result (taxation basis) for a given financial year. Tax profit (loss) differs from net accounting profit (loss) due to exclusion of revenues subject to taxation and expenses constituting costs of earning profit in the subsequent years and those revenue and expense items, which will never be subject to taxation. Tax charges are calculated on the basis of tax rates applicable in a given financial year.
- Deferred tax is calculated using the balance sheet method as tax to be paid or returned in the future on differences between the balance sheet value of assets and liabilities and the corresponding tax values used for calculation of taxation basis.

In the first quarter of year 2020, CI Games SA earned a tax income and thus settled the tax loss for previous years. As a result, the Company does not recognise a current income tax liability and presents the income tax amount of PLN 752 thousand as a non-cash item (that is, the balance sheet difference between the changes in the balances of deferred tax provisions and assets).

This amount consists of the following items:

- reduction of the deferred income tax asset balance by the amount of PLN 1,408 thousand mainly due to utilisation of tax losses from previous years; and
- reduction of the deferred tax provision balance by the amount of PLN 656 thousand, resulting mainly from the decreasing difference between the tax and book value of development works.

Tax	for the period from 1.01 to 31.03.2020	for the period from 1.01 to 31.03.2019
	PLN'000	PLN'000
Gross profit	2 251	(1 952)
Current tax	-	-
Deferred tax	(752)	-
Decrease of the deferred tax asset	(1 408)	(528)
Decrease of the deferred tax provision	656	(528)
Tax	(752)	
Net profit	1 499	(1 952)

Income tax in the first quarter of year 2020 had no cash impact on gross profit.

Calculation of deferred tax assets and liabilities has been presented in clause 10 (on the following page).

10. Information on deferred tax provisions and assets

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

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

DEFERRED TAX	Balance as of 31.03.2020 PLN'000	Balance as of 31.12.2019 PLN'000	Balance as of 31.03.2019 PLN'000
Deferred tax assets			
Opening value	5 949	6 859	6 859
Including assets recognised in financial result	5 949	6 859	6 859
Increases recognised in financial result	4 541	5 949	6 337
cost provision	182	60	82
receivables valuation allowances	-	-	249
provision for returns	416	516	-
inventory impairment	4	3	36
valuation of liabilities	3	-	-
valuation of receivables	-	103	3
valuation of short-term investments	-	5	-
tax loss	3 936	5 261	5 697
leasing of fixed assets	-	1	62
other	-	-	208
Decreases recognised in financial result	(5 949)	(6 859)	(6 859)
Closing value	4 541	5 949	6 337
Deferred tax provisions			
Opening value	6 205	4 162	4 162
Including assets compared to the financial result	6 205	4 162	4 162
Increases compared to the financial result	5 549	6 205	3 634
reserve valuation for returns	17	27	-
vehicles' lease	47	44	36
receivables valuation allowance	131	-	21
receivables valuation allowance	-	1	-
valuation of short term investments	96	1	-
other	15	9	5
compensation Original Force	523	523	
difference between the balance-sheet and tax value of tangible fixed assets	4 720	5 600	3 572
Decreases compared to the result	(6 205)	(4 162)	(4 162)
Closing value	5 549	6 205	3 634

11. Information on significant transactions of purchase and sale of property, plant and equipment

There were no significant transactions of purchase or sale of property, plant and equipment in the first quarter of year 2020.

12. Information on significant liabilities due to purchase of property, plant and equipment

As of the date of this statement, no significant liabilities were recorded due to purchase of property, plant and equipment.

13. Information on significant settlements due to lawsuits

There were no significant settlements related to lawsuits in the first quarter of year 2020.

On 02.04.2020, the Company and Defiant Studios LLC entered into an agreement on out-of-court settlement of all litigations arising from production of the “Lords of the Fallen 2” on the basis of the Software Development Agreement of 01.04.2018. The Company received all source files for the milestones developed by Defiant Studios LLC in the course of performance of the Agreement and acquired the full right to use all works completed by Defiant Studios LLC.

The Parties also confirmed that the agreement reached did not result in any financial settlements and that no mutual claims existed between the Parties.

14. Adjustment of errors from the previous periods

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

In the Consolidated Financial Statements for 2019, in the Chapter I, point 7, the Company presented impact of the previous years errors on the financial statements for 2018.

According to IAS 8 standard, the Company adjusted the errors for the previous period by adjusting the comparative information presented in financial statements for the later period, in which the error was detected, that is, it adjusted the asset balances for deferred task and the balance of equity as of 31.03.2019.

ASSETS	as of 31.03.2019		
	PLN'000		
	before	adjustment	after adjustment
FIXED ASSETS	81 660	(12 494)	69 166
Deferred income tax assets	18 831	(12 494)	6 337
CURRENT ASSETS	18 693	-	18 693
ASSETS TOTAL	100 353	(12 494)	87 859

LIABILITIES	as of 31.03.2019		
	PLN'000		
	before	adjustment	after adjustment
EQUITY	64 871	(12 944)	51 927
Retained earnings	6 396	(12 944)	(6 548)
LIABILITIES	35 482	450	35 932
Income tax liabilities	-	450	450
TOTAL EQUITY & LIABILITIES	100 353	(12 494)	87 859
Accounting value (in PLN thousand)	64 871	(12 944)	51 927
Number of shares (in thousand)	151 110	151 110	151 110
Accounting value per share (in PLN)	0,43	(0,09)	0,34

	Item of the financial statements		Impact on retained earnings
	(-)	(-)	31.03.2019 PLN'000
The error was related to recognition of tax losses for year 2013-2017 (based on trademark transactions) for calculation of the deferred tax asset	Derred tax asset	Profit (loss) from the previous years	(12 944)
		(+)	
		Tax liability	

15. Information of non-payment of credits or loans or violation of significant terms and conditions of any credit and loan agreements, which had not been subject to any corrective action until the end of the reporting period

No significant terms and conditions of credit or loan agreements were violated in the first quarter of year 2020.

16. Information on changes in classification of financial assets due to a change of the purpose or use of these assets

In the first quarter of year 2020, no changes were recorded in classification of financial assets as a result of a change in purpose or use of these assets.

17. Information on pending proceedings before courts, arbitration panels or public administration bodies

As of the date of preparation of this statement, the Management Board of the Issuer had no information on pending proceedings involving the Parent Entity or its subsidiaries, the value of which would constitute at least 10% of the Issuer's equity.

In the Annual Report of 27.03.2020, the Company informed of the lawsuit filed on 17.10.2019 by CI Games S.A. at the Regional Court in Warsaw against EP Retail Sp. z o.o., EP Office 2 Sp. z o.o., EP Office 1 Sp. z o.o. and EP Apartments Sp. z o.o. (hereinafter referred to collectively as "the Defendants") for payment of unlawfully collected funds from the bank warranty, overpaid operating expenses and overpaid rent. The value of the object of litigation is PLN 823 thousand (EUR 180 thousand and PLN 48 thousand). As of the date of this statement, the case is pending.

18. Information on conditional liabilities or conditional assets recorded after the end of the last financial year

As of 31.03.2020, the Parent Company had the following conditional liabilities:

- a blank promissory note with a blank promissory note agreement, issued on 09.01.2018 to secure receivables of mBank S.A. due to loan agreements (overdraft and open-end credit in the total amount of PLN 35 million);
- a bank guarantee issued by mBank S.A. on 23.10.2019 up to the amount of EUR 58 thousand on behalf of 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. due to lease of office space at ul. Zajęcza 2B. The guarantee is valid until 10.14.2020;
- a blank promissory note issued by the Company with a blank promissory note agreement of 15.10.2018 to secure receivables of mBank S.A. due to execution of the bank guarantee referred to above;
- a Framework Agreement for financial market transactions entered into with mBank on 09.08.2018;
- a blank promissory note issued by the Company with a blank promissory note agreement of 09.08.2018 to secure receivables of mBank S.A. due to securing of the Framework Agreement for financial market transactions, referred to above.

As of 31.03.2020 the Group had no other conditional liabilities.

19. Information on credit or loan sureties and warranties granted by the Issuer or their subsidiaries - in total to a single entity or subsidiary of such entity, if the total value of existing sureties or warranties constitutes the equivalent of at least 10% of equity of the Company

On 12.12.2018, CI Games SA entered into a loan agreement with its subsidiary United Label S.A. for the amount of PLN 2 million. Funds based on this loan will be made available as requested by the subsidiary. The deadline for full loan repayment is 12 December 2023; the interest rate is equal to the base rate WIBOR 3M increased by margin. On 27.09.2019, an annex to the loan was signed, increasing the loan limit amount to PLN 4 million. As of 31.03.2020, the loan balance was PLN 3,987 thousand.

From 1 January 2019 to 31 March 2019, neither the Issuer nor any of its subsidiaries granted loan or credit sureties (apart from drawdowns of additional tranches as described above) or warranties of value constituting the equivalent of at least 10% of equity of the Issuer.

20. Information on issue, redemption and repayment of non-equity and equity securities

In the 1st quarter of year 2020, as well as until the date of publication of this report, no issue, redemption or repayment of non-equity and equity securities took place.

21. Indication of effect of changes in structure of the business entity, among others, resulting from business combinations, takeover or disposal of capital group entities, long-term investments, division, restructuring and discontinuing of operations.

In the first quarter of year 2020, the structure of the CI Games Capital Group did not change.

22. Information on execution by the Issuer or its subsidiary of one or more transactions with related undertakings if they were individually or jointly significant and were executed under non-market conditions, indicating their value.

In the reporting period, neither the Parent Entity nor any of its subsidiaries entered into transactions under non-market conditions, non-typical transactions or transactions that go beyond the regular scope of operations of the enterprise with related entities, which would be individually or jointly significant.

Significant transactions with related entities have been described in Note 35 to the Consolidated Financial Statements for the year ended on 31.12.2019 prepared in accordance with the IFRS. In the

first quarter of 2020, transactions with related entities were executed on the basis of market prices and in the opinion of the Management Board, they classified as typical and routine transactions.

23. Information on the dividend paid (or declared), in total and per share, divided into ordinary and preference shares

In the 1st quarter of 2020, the Parent Entity neither paid nor declared payment of dividend.

24. Other information considered by the Management Board of the Company to be of significance for assessment of its employment, assets, financial condition, financial results and the related changes and information, which is of significance for assessment of capability of the Issuer to settle its liabilities in the reporting period

In the first quarter of year 2020, no events occurred, which would exert negative impact on assessment of capability of the Parent Entity and the Capital Group to settle their liabilities. The Management Board of the Company is now in the course of negotiations with mBank S.A., concerning extension of financing of three projects - two of them still in progress - on the basis of a loan agreement.

The Company intends to fund development of the games from current operating inflows and the loan.

25. Position of the Management Board of the Company with regard to capability of achieving the forecast results for the financial year, in the context of results presented in the quarterly report in relation to the forecast results

On 15.04.2020, in the current report 4/2020, the Management Board of the Company presented:

- sale estimates for the „Sniper Ghost Warrior Contracts” („SGWC”) amounting to PLN 39 million and 575 thousand copies (including products sold to end customers estimated to be 400 thousand copies) from the premiere date (22.11.2019) until 31.03.2020. Revenues from this game in the specified period amounted to PLN 42.3 million at 595 thousand copies sold.
- estimates for the consolidated sale value for the first quarter of 2020 in the amount of PLN 11.4 million. The consolidated revenues in this period amounted to PLN 12.3 million (that is, 7.9% more in comparison with the estimates presented). The positive difference is due to higher sales of the “SGWC” in the United States and Europe, as well as higher sales of the “SGW 3” and other games.
- the consolidated net cash flows estimated to be PLN 7.9 million, including loan repayment in the amount of PLN 5 million (net cash flows excluding loan repayments were estimated to amount to PLN 12.9 million in the first quarter of 2020). Consolidated net cash flows in the first quarter of 2020 amounted to PLN 7.9 million and PLN 12.9 million, excluding loan repayment for the amount of PLN 5 million.

On 15.04.2020, in the current report 5/2020, the Management Board presented estimates for digital sales of the "Sniper Ghost Warrior Contracts" in comparison with the "Sniper Ghost Warrior 3". The global digital sales of the "SGWC" in November and December 2019, including all pre-orders made and completed, was higher by 24% in comparison with the analogical period of April and May 2017. The Management Board estimated sales of the "SGWC" in the three subsequent months (January - March 2020) to be higher by 48% in comparison with sales of the "SGW3" in the analogical three-month period (June - August 2017). The Management Board estimated that at the end of February 2020, resale to end customers had exceeded 50% of the global volume of products placed on the market despite limited and small-scale promotional activity on selected markets.

In the current report 7/2020 of 21.04.2020, the Management Board informed that the estimated expenditures for production and marketing of "Sniper Ghost Warrior Contracts" until the end of the first quarter of 2020 amounted to PLN 35 million. The marketing expenditures included the costs of promotion aimed at "refreshing" the customers of the Sniper brand and costs of participation in the E3 trade fair. While the estimated sales level reached PLN 39 million from the premiere date (22.11.2019) until 31.03.2020 and the costs of production of physical copies of the game amounted to PLN 9 million, the accumulated gross margin was estimated to amount to PLN 30 million (excluding amortisation costs) in this period. The realised gross margin (calculated as revenue reduced by costs of production of physical copies) between 22.11.2019 and 31.03.2020 amounted to PLN 33 million. The Management Board has confirmed the previous estimates, indicating that the total return on investment in the "SGWC" would be reached at latest in the third quarter of the current year.

26. Indication of events after the date of the quarterly financial statements, not included in the statements, which may exert significant impact on the future financial results of the Issuer

As of the date of preparation of these statements, no other significant events occurred, not recorded in the statements, which could exert significant impact on the Issuer's future financial results.

27. Indication of factors, which, in the opinion of the Issuer's Management Board, would influence the financial results generated by the Company in the perspective of at least the following quarter

- The Group is to continue sales of the "Sniper Ghost Warrior Contracts" and the "Sniper Ghost Warrior 3", particularly in the digital distribution channel.
- The Group generates most of its revenues from sale in foreign currencies (mainly EUR and USD), hence the exchange rates will exert impact on the financial results generated in the future.
- At present, the Group is working on the „Sniper Ghost Warrior Contracts 2" and the „Lords of the Fallen 2". Both games are being developed by internal teams in cooperation with subcontractors.

- One of the Group's companies, United Label S.A., has continued its cooperation with independent developer studios on four games in the Indie segment. The Group expects to start generating revenues from sale of these games on a global scale in year 2020. As of the date of publication of the statements, more than 46 thousand customers have included the “Röki” game on their wish lists on the Steam platform, and the same is true for more than 41 thousand customers with regard to the “Eldest Souls”. The first game in the United Label portfolio - “Röki” is to enter the market in the third quarter of year 2020, while the premiere of the “Eldest Soul” has been planned for the fourth quarter of 2020.
- The long-term impact of the COVID-19 pandemic on the gaming sector and the Company is not clear due to the risk of growing unemployment and reduction in consumer buying power; on the other hand, the pandemic is accompanied by a growth in sales in countries, which have announced a temporary lock down.

V. Quarterly interim individual financial statements of CI GAMES S.A.

INDIVIDUAL STATEMENT OF COMPREHENSIVE INCOME

	As of 31.03.2020	as of 31.12.2019	as of 31.03.2019
ASSETS	PLN'000	PLN'000	PLN'000
A. Non-current assets	66 123	67 713	73 853
Property, plant and equipment	321	376	357
Intangible assets	51 531	52 885	56 810
Deferred income tax asset	985	1 133	4 876
Other non-current assets	4 495	4 495	4 604
Long term investments	4 069	2 599	1 049
Deferred tax asset	4 722	6 214	6 129
Other non-current assets	-	11	28
B. Current assets	33 216	34 031	16 188
Inventory	2 611	3 118	2 361
Current investments	-	-	-
Advances granted	78	-	357
Trade receivables	14 127	21 894	9 280
Tax receivables	-	-	-
Cash and cash equivalents	11 442	4 306	3 685
Other current assets	4 958	4 713	505
Total assets	99 339	101 744	90 041

LIABILITIES & EQUITY	stan na 31.03.2020	stan na 31.12.2019	stan na 31.03.2019
	tys. zł	tys. zł	tys. zł
A. EQUITY	68 820	66 758	53 933
Share capital	1 619	1 619	1 511
Share premium	49 759	49 759	40 588
Reserve capital for the acquisition of shares	16 000	16 000	16 000
Dividend capital	1 017	1 017	1 017
Retained earnings	425	(1 637)	(5 183)
including profit for the period	2 062	2 007	(1 539)
Equity attributable to owners of the Parent	68 820	66 758	53 933
Equity attributable to non-controlling interests	-	-	-
B. LIABILITIES	30 519	34 986	36 108
Non-current liabilities	5 623	6 474	25 887
Loans, credit and other debt instruments	-	-	18 429
Finance lease liabilities	74	269	3 824
Deferred income tax provision	5 549	6 205	3 634
Current liabilities	24 896	28 512	10 221
Borrowings including credits, loans and other debt instruments	19 418	24 053	4 824
Income tax liabilities	-	-	450
Trade liabilities	3 595	3 365	3 231
Finance lease liabilities	667	634	1 186
Other liabilities	266	144	95
Other current provisions	950	316	435
Deferred revenues	-	-	-
Total equity and liabilities	99 339	101 744	90 041
Book value (in PLN thousand)	68 820	66 758	53 933
Number of shares (in thousands)	161 943	161 943	151 110
Weighted average number of shares (in thousands)	161 943	155 414	151 110
Book value per share (in PLN)*	0,42	0,43	0,36

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
(costs by function)

Statement of comprehensive income	for the period from 1.01 to 31.03.2020 PLN'000	for the period from 1.01 to 31.03.2019 PLN'000
Continuing operations		
Net revenue from sales	11 988	4 151
Revenue from sale of products and services	11 988	4 151
Revenue from sale of goods and materials	-	-
Costs of products, goods and services sold	(7 018)	(3 830)
Manufacturing cost of products sold	(7 018)	(3 830)
Value of goods and materials sold	-	-
Gross profit (loss) on sales	4 970	321
Other operating revenues	53	108
Selling costs	(1 425)	(758)
General and administrative costs	(1 484)	(1 025)
Other operating expenses	(806)	(218)
Profit (loss) on operating activities	1 308	(1 572)
Financial revenues	1 645	176
Financial expenses	(55)	(143)
Profit (loss) before tax	2 898	(1 539)
Income tax	(836)	-
	-	-
	(836)	-
Profit (loss) on continuing operations	2 062	(1 539)
Discontinued operations	-	-
Loss from discontinued operations	-	-
Net profit (loss)	2 062	(1 539)
Total other comprehensive income		
Total income for the financial year	2 062	(1 539)
Net profit (loss) in thousands of PLN	2 062	(1 539)
Number of shares (in thousands)	161 943	151 110
Profit (loss) per ordinary share (in PLN)	0,01	(0,01)

INDIVIDUAL CASH FLOW STATEMENT

(indirect method)

	for the period from 1.01 to 31.03.2020 PLN'000	for the period from 1.01 to 31.03.2019 PLN'000
Statement of cash flow		
Cash flows from operating activities		
Gross profit (loss)	2 898	(1 539)
Total adjustments	13 874	1 560
Depreciation	4 865	3 060
Impairment loss (reversal)	-	-
Profit (loss) on foreign exchange differences	2	(47)
Interest	61	116
Comission on loans	-	-
Profit (loss) on sale of non-current assets	-	(5)
Change in receivables	7 767	(514)
Change in inventory and prepayments	429	(22)
Change in trade and other payables	350	(1 317)
Change in employee benefit provisions and liabilities	634	(45)
Change in other current assets	(234)	334
Tax paid	-	-
Deferred revenues	-	-
Other adjustments	-	-
Net cash flows from operating activities	16 772	21
Cash flows from investing activities		
Repayment of loans granted	-	-
Cash inflows on disposal of property, plant and equipment and intangible assets	-	5
Cash outflows on acquisition of property, plant and equipment and intangible assets	(5)	(34)
Cash outflows on development works	(3 179)	(7 199)
Cash outflows on acquisition of financial assets	-	-
Cash outflows on loans granted	(1 443)	(924)
Net cash from investing activities	(4 627)	(8 152)
Cash flows from financing activities		
Net proceeds from the issue of shares and other capital instruments	-	-
Incurrence of borrowings	370	7 041
Repayment of borrowings	(5 000)	-
Repayment of finance lease liabilities	(172)	(55)
Interest	(207)	(161)
Other financial outflows	-	-
Net cash from financing activities	(5 009)	6 825
Total net cash flows	7 136	(1 306)
Exchange differences on cash	-	-
Balance sheet changes in cash and cash equivalents	7 136	(1 306)
Cash and cash equivalents at the beginning of the period	4 306	4 991
Cash and cash equivalents at the end of the period	11 442	3 685

INDIVIDUAL CHANGES IN EQUITY

For the period from 01.01. to 31.03.2020	Share capital	Share premium	Reserve capital for buyback of own shares	Other reserve capital	Dividend capital	Retained earnings	Equity
	PLN'000	PLN'000	PLN'000	PLN'000	PLN'000	PLN'000	PLN'000
As of 01.01.2019	1 619	49 759	16 000	-	1 017	(1 637)	66 758
Adjustment of result for previous years	-	-	-	-	-	-	-
As of 01.01., upon coversion	1 619	49 759	16 000	-	1 017	(1 637)	66 758
CHANGES IN EQUITY							
Profits and losses in the period	-	-	-	-	-	2 062	2 062
Issue of shares	-	-	-	-	-	-	-
As of 31.03.2020	1 619	49 759	16 000	-	1 017	425	68 820

For the period from 01.01. to 31.12.2019	Share capital	Share premium	Reserve capital for buyback of own shares	Other reserve capital	Dividend capital	Retained earnings	Equity
	PLN'000	PLN'000	PLN'000	PLN'000	PLN'000	PLN'000	PLN'000
As of 01.01.2019	1 511	40 588	16 000	-	1 017	9 300	68 416
Adjustment of result for previous years	-	-	-	-	-	(12 944)	(12 944)
As of 01.01., upon coversion	1 511	40 588	16 000	-	1 017	(3 644)	55 472
CHANGES IN EQUITY							
Profits and losses in the period	-	-	-	-	-	2 007	2 007
Issue of shares	108	9 171	-	-	-	-	9 279
As of 31.03.2019	1 619	49 759	16 000	-	1 017	(1 637)	66 758

For the period from 01.01. to 31.03.2019	Share capital	Share premium	Reserve capital for buyback of own shares	Other reserve capital	Dividend capital	Retained earnings	Equity
	PLN'000	PLN'000	PLN'000	PLN'000	PLN'000	PLN'000	PLN'000
As of 01.01.2019	1 511	40 588	16 000	-	1 017	9 300	68 416
Adjustment of result for previous years	-	-	-	-	-	(12 494)	(12 944)
As of 01.01.2019, upon coversion	1 511	40 588	16 000	-	1 017	(3 194)	55 472
CHANGES IN EQUITY						-	
Profits and losses in the period	-	-	-	-	-	(1 538)	(1 538)
Issue of shares	-	-	-	-	-	-	-
As of 31.03.2019	1 511	40 588	16 000	-	1 017	(4 733)	54 383

ADJUSTMENT OF THE PREVIOUS YEARS' ERRORS – INDIVIDUAL

ASSETS	stan na 31.03.2019		
	tys. zł		
	przed	korekta	po korekcje
FIXED ASSETS	86 347	(12 494)	73 853
Deferred income tax assets	18 623	(12 494)	6 129
CURRENT ASSETS	16 188	-	16 188
ASSETS TOTAL	102 535	(12 494)	90 041

LIABILITIES	stan na 31.03.2019		
	tys. zł		
	przed	korekta	po korekcje
EQUITY	64 877	(12 494)	52 383
Retained earnings	7 761	12 944	20 705
LIABILITIES	35 482	450	35 932
Income tax liabilities		450	450
TOTAL EQUITY & LIABILITIES	102 535	(12 494)	90 041
Accounting value (in PLN thousand)	64 877	(12 494)	52 383
Number of shares (in thousand)	151 110	151 110	151 110
Accounting value per share (in PLN)	0,43	(0,08)	0,35

	Item of the financial statements		Impact on retained earnings
	(-)	(-)	31.03.2019 PLN'000
The error was related to recognition of tax losses for year 2013-2017 (based on trademark transactions) for calculation of the deferred tax asset	Derred tax asset	Profit (loss) from the prevoius years	(12 944)
		(+)	
		Tax liability	

Approval of the quarterly Financial Statement

This quarterly financial statement for the period between 1 January and 31 March 2020 has been signed and approved for publication by the Management Board of CI Games on 22 May 2020.

Marek Tymiński

Monika Rumianek

President of the Management Board

Member of the Management Board

Warsaw, 22 May 2020

