

Quarterly consolidated and unconsolidated financial report

For the period from 1st July to 30th September 2020

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SELECTED FINANCIAL INFORMATION

Consolidated Profit and Loss Accounts	for the period from 1.01 to 30.09.2020		for the period from 1.01 to 30.09.2019	
	PLN'000	EUR'000	PLN'000	EUR'000
Net revenue from sales	34,781	7,830	11,596	2,691
Profit (loss) from operating activities	6,182	1,392	(10,732)	(2,491)
Gross profit (loss)	6,259	1,409	(11,012)	(2,556)
Net profit (loss)	5,080	1,144	(11,012)	(2,556)
Net profit (loss) per ordinary share attributable to equity owners of the Parent (in PLN)	0.03	0.01	(0.07)	(0.02)

Consolidated statement of cash flow	for the period from 1.01 to 30.09.2020		for the period from 1.01 to 30.09.2019	
	PLN'000	EUR'000	PLN'000	EUR'000
Net cash flows from operating activities	33,505	7,543	(3,221)	(748)
Net cash flows from investing activities	(15,945)	(3,590)	(16,795)	(3,898)
Net cash flows from financing activities	4,014	904	16,272	3,777
Net cash flows	21,574	4,857	(3,744)	(869)

Consolidated balance sheet	as of 30.09.2020		as of 31.12.2019	
	PLN'000	EUR'000	PLN'000	EUR'000
Non-current assets	60,677	13,404	62,297	14,629
Current assets	41,915	9,259	34,803	8,173
Total assets	102,592	22,663	97,100	22,801
Equity	94,482	20,872	60,318	14,164
Initial capital	1,829	404	1,619	380
Liabilities	8,110	1,792	36,782	8,637
Non-current liabilities	3,395	750	6,474	1,520
Current liabilities	4,715	1,042	30,308	7,117
Total equity and liabilities	102,592	22,663	97,100	22,801

I. Key financial data of CI Games Capital Group

CONSOLIDATED STATEMENT OF FINANCIAL CONDITIONS

ASSETS	as of 30.09.2020	as of 30.06.2020	as of 31.12.2019	as of 30.09.2019
	PLN'000	PLN'000	PLN'000	PLN'000
A. Non-current assets	60,677	57,334	62,297	73,001
Property, plant and equipment	386	372	376	401
Intangible assets	53,838	49,948	52,885	62,668
Advances for intangible assets	2,882	3,245	1,943	-
Right -of-use assets	688	836	1,133	4,304
Non-consolidated shares of subsidiaries	20	-	-	-
Deferred tax asset	2,863	2,933	5,949	5,613
Other non-current assets	-	-	11	15
B. Current assets	41,915	32,187	34,803	16,703
Inventory	2,137	2,320	3,118	2,468
Current investments	-	-	-	6
Advances granted	34	52	25	85
Trade receivables	6,260	10,483	19,921	2,441
Tax receivables	-	-	-	-
Cash and cash equivalents	28,202	12,768	6,659	8,868
Other current assets	5,282	6,564	5,080	2,835
Total assets	102,592	89,521	97,100	89,704

LIABILITIES & EQUITY	as of 30.09.2020	as of 30.06.2020	as of 31.12.2019	as of 30.09.2019
	PLN'000	PLN'000	PLN'000	PLN'000
A. EQUITY	94,482	67,908	60,318	52,565
Share capital	1,829	1,619	1,619	1,619
Share premium	78,647	52,746	49,759	49,759
Reserve capital for the acquisition of shares	16,000	16,000	16,000	16,000
Dividend capital	1,017	1,017	1,017	1,017
Dividend capital	371	276	413	345
Retained earnings	(3,391)	(3,750)	(8,490)	(16,175)
including profit for the period	5,099	4,740	(2,877)	(11,012)
Equity attributable to owners of the Parent	94,473	67,908	60,318	52,565
Equity attributable to non-controlling interests	9	-	-	-
B. LIABILITIES	8,110	21,613	36,782	37,139
Non-current liabilities	3,395	4,142	6,474	6,425
Loans, credit and other debt instruments	-	-	-	-
Finance lease liabilities	-	-	269	3,524
Deferred income tax provision	3,395	4,142	6,205	2,901
Current liabilities	4,715	17,471	30,308	30,714
Borrowings including credits, loans and other debt instruments	7	12,501	24,051	24,083
Income tax liabilities	287	99	-	-
Trade liabilities	2,492	2,797	4,675	4,201
Finance lease liabilities	403	577	634	1,416
Other liabilities	224	393	176	138
Other current provisions	769	903	682	522
Deferred revenues	533	201	90	354
Total equity and liabilities	102,592	89,521	97,100	89,704

CONSOLIDATED PROFIT AND LOSS ACCOUNT AND COMPREHENSIVE INCOME

Statement of comprehensive income	for the period from 1.01 to 30.09.2020	for the period from 1.07 to 30.09.2020	for the period from 1.01 to 30.09.2019	for the period from 1.07 to 30.09.2019
	PLN'000	PLN'000	PLN'000	PLN'000
Continuing operations				
Net revenue from sales	34,781	7,744	11,596	4,432
Revenue from sale of products and services	34,781	7,744	10,155	2,991
Revenue from sale of goods and materials	-	-	1,441	1,441
Costs of products, goods and services sold	(19,780)	(4,539)	(9,973)	(3,196)
Manufacturing cost of products sold	(19,780)	(4,539)	(8,705)	(1,928)
Value of goods and materials sold	-	-	(1,268)	(1,268)
Gross profit (loss) on sales	15,001	3,205	1,623	1,236
Other operating revenues	213	82	229	52
Selling costs	(4,414)	(1,041)	(7,053)	(1,914)
General and administrative costs	(4,085)	(1,203)	(4,078)	(1,427)
Other operating expenses	(533)	(35)	(1,453)	(855)
Profit (loss) on operating activities	6,182	1,008	(10,732)	(2,908)
Financial revenues	397	(488)	150	122
Financial expenses	(320)	(53)	(430)	(130)
Profit (loss) before tax	6,259	467	(11,012)	(2,916)
Income tax	(1,179)	(127)	-	-
current tax due	(902)	(803)	-	-
deferred tax	(277)	676	-	-
Profit (loss) on continuing operations	5,080	340	(11,012)	(2,916)
Discontinued operations	-	-	-	-
Loss from discontinued operations	-	-	-	-
Net profit (loss)	5,080	340	(11,012)	(2,916)
- net profit (loss) attributable to equity owners of the Parent	5,099	-	-	-
- net profit (loss) attributable to non-controlling interest	(19)	-	-	-
Total other comprehensive income, including:				
Foreign exchange differences from translation of foreign entities	(42)	(95)	(22)	(33)
Total income for the financial year	5,038	245	(11,034)	(2,949)
- total net comprehensive income attributable to equity owners of the Parent	5,057	245	(11,034)	(2,949)
- total net comprehensive income attributable to non-controlling interest	(19)	-	-	-
Net profit (loss) attributable to equity owners of the Parent	5,099	340	(11,012)	(2,916)
Weighted average number of shares in the period (in thousands)	162,709	164,226	153,213	157,351
Net profit (loss) per ordinary share attributable to equity owners of the Parent				
(in PLN)	0.03	0.00	(0.07)	(0.02)

CONSOLIDATED CASH FLOW STATEMENT

(indirect method)

Consolidated cash flow statements	for the period from 1.01	for the period from 1.07	for the period from 1.01	for the period from 1.07
	to 30.09.2020	to 30.09.2020	to 30.09.2019	to 30.09.2019
	PLN'000	PLN'000	PLN'000	PLN'000
Cash flows from operating activities				
Gross profit (loss)	6,259	467	(11,012)	(2,916)
Total adjustments	27,246	8,157	7,791	1,889
Depreciation	14,687	3,157	7,710	1,918
Impairment loss (reversal)	110	(1)	3	-
Profit (loss) on foreign exchange differences	39	166	2	6
Interest	83	11	359	115
Comission on loans	201	2	-	-
Profit (loss) on sale of non-current assets	-	-	1	-
Profit (loss) on investment activity	-	-	-	-
Change in receivables	13,678	4,224	666	824
Change in inventory and prepayments	845	201	170	(161)
Change in trade and other payables	(2,087)	(428)	655	94
Change in employee benefit provisions and liabilities	48	(173)	(267)	54
Change in other current assets	(191)	1,282	(1,825)	(1,266)
Tax paid	(616)	(616)	-	-
Deferred revenues	443	332	354	354
Other adjustments	6	-	(37)	(49)
Net cash flows from operating activities	33,505	8,624	(3,221)	(1,027)
Cash flows from investing activities				
Repayment of loans granted	-	-	2	2
Cash inflows on disposal of property, plant and equipment and intangible assets	-	-	41	1
Cash outflows on acquisition of property, plant and equipment and intangible assets	(2,088)	(1,980)	(1,673)	(439)
Cash outflows on development works	(13,837)	(4,553)	(15,157)	(4,198)
Cash outflows on acquisition of financial assets	(20)	(20)	-	-
Cash outflows on loans granted	-	-	(8)	(8)
Net cash from investing activities	(15,945)	(6,553)	(16,795)	(4,642)
Cash flows from financing activities				
Net proceeds from the issue of shares and other capital instruments	29,127	26,140	9,279	9,279
Incurrence of borrowings	-	(25)	7,871	114
Repayment of borrowings	(24,044)	(12,467)	-	-
Repayment of finance lease liabilities	(517)	(163)	(293)	(183)
Interest	(351)	(89)	(549)	(231)
Other financial outflows	(201)	(2)	(36)	(36)
Net cash from financing activities	4,014	13,394	16,272	8,943
Total net cash flows	21,574	15,465	(3,744)	3,274
Exchange differences on cash	31	31	-	-
Balance sheet changes in cash and cash equivalents	21,543	15,434	(3,744)	3,274
Cash and cash equivalents at the beginning of the period	6,659	12,768	12,612	5,594
Cash and cash equivalents at the end of the period	28,202	28,202	8,868	8,868

STATEMENT OF CHANGES IN CONSOLIDATED EQUITY

For the period from 01.01. to 30.09.2020	Share capital	Share premium	Reserve capital for buyback of own shares	Share dividend	Differences from translation	Retained earnings	Own equity of the Parent	Own equity of non controlling interest	Equity
	PLN'000	PLN'000	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	-	60,318
Change in presentation	-	-	-	1,017	-	(1,017)	-	-	-
As of 01.01.2020, upon coversion	1,619	49,759	16,000	1,017	413	(8,490)	60,318	-	60,318
CHANGES IN EQUITY									-
Profits and losses in the period	-	-	-	-	-	5,099	5,099	(19)	5,080
Other	-	-	-	-	-	-	-	28	28
Issue of shares	210	28,888	-	-	-	-	29,098	-	29,098
Translation differences	-	-	-	-	(42)	-	(42)	-	(42)
As of 30.09.2020	1,829	78,647	16,000	1,017	371	(3,391)	94,473	9	94,482

For the period from 01.01. to 30.09.2019	Share capital	Share premium	Reserve capital for buyback of own shares	Share dividend	Differences from translation	Retained earnings	Own equity of the Parent	Own equity of non controlling interest	Equity
	PLN'000	PLN'000	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	-	66,814
Adjustment of result for previous years	-	-	-	-	-	(12,494)	(12,494)	-	(12,494)
Change in presentation	-	-	-	1,017	-	(1,017)	-	-	-
As of 01.01.2019, upon coversion	1,511	40,588	16,000	1,017	367	(5,163)	54,320	-	54,320
CHANGES IN EQUITY									-
Profits and losses in the period	-	-	-	-	-	(11,012)	(11,012)	-	(11,012)
Issue of shares	108	9,171	-	-	-	-	9,279	-	9,279
Translation differences	-	-	-	-	(22)	-	(22)	-	(22)
As of 30.09.2019	1,619	49,759	16,000	1,017	345	(16,175)	52,565	-	52,565

For the period from 01.01. to 31.12.2019	Share capital	Share premium	Reserve capital for buyback of own shares	Share dividend	Differences from translation	Retained earnings	Own equity of the Parent	Own equity of non controlling interest	Equity
	PLN'000	PLN'000	PLN'000	PLN'000	PLN'000	PLN'000	PLN'000	PLN'000	PLN'000
As of 01.01.2019, upon coversion	1,511	40,588	16,000	-	367	8,348	66,814	-	66,814
Adjustment of result for previous years	-	-	-	-	-	(12,944)	(12,944)	-	(12,944)
Change in presentation	-	-	-	1,017	-	(1,017)	-	-	-
As of 01.01.2019, upon coversion	1,511	40,588	16,000	1,017	367	(5,613)	53,870	-	53,870
CHANGES IN EQUITY									-
Profits and losses in the period	-	-	-	-	-	(2,877)	(2,877)	-	(2,877)
Issue of shares	108	9,171	-	-	-	-	9,279	-	9,279
Translation differences	-	-	-	-	46	-	46	-	46
As of 31.12.2019	1,619	49,759	16,000	1,017	413	(8,490)	60,318	-	60,318

II. Key information about CI Games Capital Group

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

- CI Games S.A. („The Parent Entity”, „the Company”, “the Dominant Entity”, “the Issuer”) was registered on August 7, 2013 at the District Court for the Capital City of Warsaw in Warsaw, 13th Commercial Division of the National Court Register which recorded the change of Company’s name from the previous name to CI Games S.A. The registered office of the Company is located in Warsaw at Twarda 18.
- The Company is entered in the Register of Entrepreneurs under the number KRS 0000282076 at the District Court for the Capital City of Warsaw in Warsaw, 12th Commercial Division. The entry was made by the District Court for the Capital City of Warsaw in Warsaw, 13th Commercial Division of the National Court Register.
- The core business activity of the Company consists of production, publishing and distribution of video games.
- Tax identification number (NIP): 1181585759.
- Statistical identification number (REGON): 017186320.
- The Company has been established for an unlimited period of time.

2. Structure of the Capital Group and consolidation principles

As of September 30, 2020, CI Games Capital Group (“the Group”, “the Capital Group”, “the 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 1,829,430.15. Parent Entity.
- United Label S.A. with a registered office in Warsaw. Share capital: PLN 127,500. 78,43% shares held by CI Games S.A., with the remaining shares owned by private individuals.
- 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 (renamed from CI Games IP sp. z o.o. as of September 19, 2015). 99.99% shares held by Business Area sp. z o.o.; the remaining 0.01% shares held by CI Games S.A.
- CI Games UK Ltd. with a registered office in London, United Kingdom. 100% shares held by CI Games S.A.
- CI Games Mediterranean Projects S.L. with a registered office in Barcelona, Spain. Share capital: EUR 3,000. 75% shares held directly by CI Games S.A.; the remaining 25% shares owned by Mclex Trust sp. z o.o. with the seat in Warsaw.
- CI Games Bucharest Studio S.R.L. with a registered office in Bucharest, Romania. Share capital: LEI 200. 95% shares owned directly by CI Games S.A.; the remaining 5% held by Ivensen PL sp. z o.o. with the seat in Warsaw.

The Dominant Entity consolidates its subsidiaries which, as long as they meet the materiality threshold – are subject to full consolidation. Subsidiaries consist of entities controlled by the dominant entity. Such relationship exists whenever the dominant entity:

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

As of September 30, 2020, the following companies are excluded from consolidation due to materiality level:

- CI Games UK Ltd.;
- CI Games Mediterranean Projects S.L.;
- CI Games Bucharest Studio S.R.L.

3. Composition of the 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 third quarter 2020 was as follows:

Ryszard Bartkowiak	Chairman of the Supervisory Board
Rafał Berliński	Member of the Supervisory Board from July 27, 2020
Norbert Biedrzycki	Member of the Supervisory Board
Marcin Garliński	Member of the Supervisory Board
Grzegorz Leszczyński	Member of the Supervisory Board

On October 9, 2020, Mr. Krzysztof Kaczmarczyk was appointed as a new member of the Supervisory Board.

On October 14, 2020, Mr. Norbert Biedrzycki resigned from his position as Supervisory Board Member.

4. The shareholding structure of the Parent Entity

According to the best knowledge of the Parent Entity's Management Board, as of the date of publication of this report, that is, November 27, 2020, the shareholding structure of CI Games S.A., including shareholders owning directly or through their subsidiaries shares representing at least 5% of the total votes at the general meeting, consisted of:

Share capital- structure	Number of shares and the number of votes	% of votes in the share capital of the Company and in the total number of votes
Marek Tymiński	53,083,570	29.02%
Rockbridge Towarzystwo Funduszy Inwestycyjnych S.A.	15,718,357	8.59%
Other shareholders	114,141,88	62.39%
Total	182,943,015	100.00%

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

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

Person	Function	State as of 31.12.2019	State as of 27.11.2020 (report publication date)
Marek Tymiński	President of the Board	52,663,570	53,083,570
Monika Rumianek	Member of the Management Board	150,000	150,000
Marcin Garliński	Member of the Supervisory Board	0	40,000
Krzysztof Kaczmarczyk	Member of the Supervisory Board	0	15,000

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

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

On June 07, 2020, the Company received a notification on the purchase of 40,000 shares of the Company by Mr. Marcin Garliński – a member of the Company's Supervisory Board.

On October 26, 2020, the Company received a notification on the purchase of 15,000 shares of the Company by Mr. Krzysztof Kaczmarczyk - a member of the Company's Supervisory Board.

According to the best knowledge of the Company, the remaining members of the Supervisory Board hold no shares of the Company.

III. Basis of preparation of the financial statements

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

The interim condensed consolidated financial statements were prepared in accordance with requirements of IAS 34 „Interim financial reporting” approved by EU („IAS 34”) and the scope required by the Minister of Finance Regulation of March 29, 2018 on current and periodical information to be published by issuers of securities and conditions of consideration of information required by the law of non-member country's law as equal (Official Journal 2018, item 757) and present financial position of the Group and the Company as of September 30, 2020 and as of December 31, 2020, financial results and cash flow for the 9 and 3-month period ended September 30, 2020 and September 30, 2019.

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

2. Going concern assumption

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

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

3. Functional currency and presentation currency

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

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

- As of September 30, 2020 - PLN/ EUR 4,5268
- As of December 31, 2019 - PLN/ EUR 4,2585.

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 three quarters of 2020 - PLN/ EUR 4,4420
- For three quarters of 2019 - PLN/ EUR 4,2978.

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

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

The Company has changed the presentation of its dividend capital totaling PLN 1,017,000 established in 2015 upon resolution of the Ordinary Shareholders Meeting which decided to allocate profits for 2014 financial year towards a dividend fund. In previous reports, the dividend capital was presented as Retained Earnings. It is now shown as a separate item as part of own equity.

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

In this consolidated financial statement, the Group decided against early introduction of 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 1, 2020 and after January 1, 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 1, 2020 or thereafter).
- **Amendments 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 1, 2020 or thereafter and with reference to acquisition of assets on the date of commencement of this annual period or later).
- **Amendments to IAS 1 “Presentation of financial statements” and IAS 8 “Accounting policies, changes in accounting estimates and errors”**. The changes pertain to the definition of materiality (applicable to annual periods starting on January 1, 2020 or thereafter).
- **IFRS 17 “Insurance contracts”**. The standard is applicable to annual periods starting on January 1, 2018 or thereafter.
- **IFRS 14 “Regulatory Deferral Accounts”** (applicable to annual periods commencing on January 1, 2016 or thereafter) – the European Commission has decided not to commence

the process of approval of this provisional standard to be used within the territory of the European Union until the date of publication of the final version of the proper full standard IFRS 14.

- **Amendments to IFRS 10 “Consolidated financial statements” and IAS 28 “Investments in Associates and Joint Ventures”** – Sales or contribution of assets between an investor and their associate or joint venture and subsequent amendments (the date of entry into force of these amendments has been postponed until completion of research work on the equity method).

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

6. Audit performed by statutory auditor

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

IV. Notes to the financial statements for the period from 1 January to 30 September 2020

1. Consolidated quarterly results

	for the period from 01.10.2019 to 30.09.2020	3Q2020	2Q2020	1Q2020	4Q2019
Net revenue from sales	70,663	7,744	14,733	12,304	35,882
Profit from operating activities	17,961	1,008	4,446	728	11,779
Gross profit	17,490	467	3,541	2,251	11,231
Net profit	13,215	340	3,241	1,499	8,135
<i>EBIT margin</i>	<i>25.4%</i>	<i>13.0%</i>	<i>30.2%</i>	<i>5.9%</i>	<i>32.8%</i>
<i>Gross margin</i>	<i>24.8%</i>	<i>6.0%</i>	<i>24.0%</i>	<i>18.3%</i>	<i>31.3%</i>
<i>Net margin</i>	<i>18.7%</i>	<i>4.4%</i>	<i>22.0%</i>	<i>12.2%</i>	<i>22.7%</i>

Consolidated net revenue in the third quarter of 2020 totaled PLN 7.7m, representing a decline from the previous quarter. This is due mainly to less intense promotional activities following a period of active promotional efforts at the end of the second quarter (summer sales) on Steam and on Xbox platform. Additionally, it is a natural tendency for sales to decline over time subsequent to the game release date.

The Group is expecting an increase in sales in the fourth quarter of 2020 due to intensification of promotional activities and the sale of "RÖKI", a title released on July 23, 2020 on PCs and on October 15, 2020 on Nintendo Switch.

2. Description of significant achievements or failures in the first three quarters of 2020 including a list of key associated events

Game development segment

- In the course of the reporting period in 2020, the Company continued work on a game under the working title "Tactical Shooter 2" (current name "Sniper Ghost Warrior Contracts 2", SGWC2), which was restarted in December 2019. SGWC2 is based on CryEngine game engine. The game will contain a key new feature (i.e. long-distance shots) which could draw a new group of players to the SGW franchise and keep SGWC fans satisfied.
- The release of PC version of RÖKI, a game from the portfolio of United Label S.A., took place on July 23, 2020 (PC version), and with Nintendo Switch release on October 15, 2020. The game won very high ratings from gaming media and users (95% user score on Steam). Sales of the game are growing steadily, reaffirming the long-term nature of the title. The game was nominated for the best indie game debut of 2020 in the prestigious annual industry event The Game Awards.
- In September, 2020 the opening of a new game development studio, Hexworks, was announced. Hexworks will focus on action RPG games embedded in a fantasy world. The studio has two locations, Barcelona and Bucharest. Hexworks teams are currently working on the development

of “Lords of the Fallen 2” (LOTF2), a dark fantasy RPG game designed for new generation consoles and PCs. In the first half of 2021 the Issuer will launch communications efforts promoting the game and present the project to its distribution partners. At present, the team working on LOTF2 on a regular basis consists of nearly 30 people and is considerably larger once people working on the project on behalf of outsourcing partners are included.

- The marketing campaign for “Sniper Ghost Warrior Contracts 2” was launched in September 2020. On this occasion, a trailer showing key feature of the title was presented. The gameplay will focus around extremely long-distance sniper shots, oftentimes exceeding 1 km. The trailer portrays an accurate shot made from a distance of 1,506 m. Furthermore, SGWC2 will also offer an entirely new story at a new geographical location, a number of new equipment items including new weapons models, improved visual quality and higher level of game realism. SGWC2 release will take place in the first quarter of 2021.
- Over the past year CI Games Group has significantly increased its employment. At present, the Group has over 100 employees and coworkers, including approximately 80 people working in games development. In the upcoming year the Company is planning a further expansion of external teams. CI Games is collaborating on an ongoing basis with external outsourcing partners to support key game development aspects such as producing graphics components used in the construction of expanded world of two key Company projects (LOTF2 and SGWC2).

Other events

- In January 2020 the Company paid in full current account loan totaling PLN 5.0m based on an agreement with mBank S.A. dated January 9, 2018.
- On September 24, 2020, CI Games paid back the entire revolving loan totaling PLN 11.3m arising from an agreement with mBank S.A. dated January 9, 2018. At present, the Company has no outstanding loans.
- The Group has signed SGWC2 distribution agreements on key markets with the following partners:
 - Koch Media GmbH in Germany, Austria, Switzerland, Belgium, the Netherlands, Spain, Portugal, UK and Ireland;
 - Five Star Games Pty. Ltd. from Australia for Australia and New Zealand;
 - PAN Vision AB from Sweden for Norway, Sweden, Iceland, Denmark, Finland, Lithuania, Latvia and Estonia;
 - Game King LLC from the United Arab Emirates for the Near East;
 - Excelgames Interactive Pte. Ltd. from Singapore for Singapore, Malaysia, Indonesia, the Philippines, Thailand, Taiwan and Hong Kong;
 - Just For Games SAA for France;
 - H2 Interactive Co., Ltd for Japan and South Korea.
- In July 2020 United Label S.A., a subsidiary of CI Games which operates a global publishing platform for indie video game developers, raised PLN 4.4m from investors (net funds raised totaled PLN 4,189 thousands) as a result of a capital increase. This funding will be used to expand the publishing portfolio and to finalize work on the present titles. This company is in the process of seeking a listing on the Alternative Trading System NewConnect. On October 22, 2020, United Label filed its information document with the Warsaw Stock Exchange. The first day of trading is planned at the turn of 2020 and 2021. The sale of series B shares consisted of 275,000 new shares with a nominal value of PLN 0.1 each. The shares were issued in two tranches, up to 187,500 shares with a subscription period between June 22 and 29 and up to 87,500 shares with a subscription period of June 30 and July 10. As a result of National Court Register (KRS) registration of the share issue, the Company, stake in the capital of United Label S.A. stands at 78.43%.

- On August 24, 2020, the Company's Managing Board, acting on the basis of resolution no. 3/2/2018 of the Extraordinary General Meeting of Shareholders which took place on September 27, 2018, upon the acceptance of the Supervisory Board required under this resolution, passed a resolution to raise the Company's initial capital within limits of its authorized capital by issuing at least 1 (one) and up to a maximum of 21 million ordinary bearer series I shares.
- Series I shares issue was held as a private placement, waiving the subscription rights of the Company's existing shareholders and with a restricted pre-emptive subscription right. The minimum subscription was set at PLN 500,000. Trigon Dom Maklerski served as the investment broker managing the offering. As a result of the said share issue, the Company has raised over PLN 25m from investors (the value of the offering totaled PLN 25,200,000 net amount raised reached PLN 24,938,000). The issuing price was set at PLN 1.2 per share. Funds raised will be used for the development of games under "Lords of the Fallen" and "Sniper Ghost Warrior" franchises.
- As a result of August share issue Rockbridge Towarzystwo Funduszy Inwestycyjnych S.A. mutual fund group acquired a nearly 6% stake in the Company, increasing the number of shares owned to 15,718,357 (8.59% the CI Games' share capital and overall number of votes in the Company). As stated earlier CI Games chief executive Marek Tymiński has purchased 420,000 series I shares as part of the new share issue, subjecting all the shares acquired to a six-month lockup.

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

From January 1 to September 30, 2020, no unusual events occurred, which would have impact on the Company's financial results.

The Management Board is of opinion that the COVID-19 epidemic is not an event that would cause adjustments to the consolidated financial statement for the three quarters of 2020. However, as the economic situation is changing constantly, the Management Board of the Company believes it is impossible to present the potential long-term impact of the epidemic on the Group as of the report publication date. The Management Board is monitoring the potential impact continuously with the intention of exercising all available measures to mitigate any negative effect on the Company.

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

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

The production cycle of a single game developed by the Company typically ranges from 12 to 36 months. With the simultaneous development of two games, their release dates are subject to significant, uneven cyclicity. Thus, the Company's publishing cycle, as part of which it sets the release dates of new games, is characterized by irregularity. The Company is timing the release dates of its games in order to select the most advantageous competitive environment, taking into consideration known publishing plans of competing entities so that the release generates the most measurable financial benefits.

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

5. Information about operational segments

The basic segments of Group's activity are the production and sales of own games and publishing activity commenced in the second half of year 2018. Due to the fact that in 2019 and the three quarters of 2020, the materiality levels were not met in accordance with IFRS 8, i.e. (i) revenues from the operational segment did not exceed 10% of joint revenues, including external clients and transfers between the segments, (ii) financial result of the segment, expressed in absolute values, did not account for at least 10% of sum of absolute results of all segments which posted no losses or the combined loss all operational segments which recorded losses, (iii) assets of the segment did not account for 10% or more of total assets of all operational segments; therefore the Group did not present results related to the publishing segment.

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

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

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

As of September 30, 2020, the impairment loss on inventories amounted to PLN 285 thousand.

CHANGE OF REVAUATION INVENTORY

	PLN'000
Balance as of 01.01.2020	158
<i>Increaseses, including:</i>	127
- impairment of inventory	127
<i>Decreaseses, including:</i>	-
- release of the impairment (write-offs)	-
Balance as of 30.09.2020	285

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

As of September 30, 2020, the impairment loss on receivables amounted to PLN 275 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>	(1,699)
- release of the allowance resulting from repayment;	(17)
- release of the allowance resulting from write-offs;	(1,682)
Balance of as of 30.09.2020	275

As of September 30, 2020, there were no impairment losses on financial assets, property, plant and equipment, intangible assets and no reversals of such write-offs.

9. Information about changes in the provisions

The created and released provisions related mainly to provisions for royalties.

10. Income Tax

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

- A current tax charge is calculated on the basis of the tax result (taxation basis) for a given financial year. Tax profit (loss) differs from net accounting profit (loss) due to exclusion of revenues subject to taxation and expenses constituting costs of earning profit in the subsequent years and those revenue and expense items, which will never be subject to taxation. Tax charges are calculated on the basis of tax rates applicable in a given financial year. As of September 30, 2020, the current corporate tax liability amounted to PLN 287 thousand.
- Deferred tax is calculated using the balance sheet method as tax to be paid or returned in the future on differences between the balance sheet value of assets and liabilities and the corresponding tax values used for calculation of taxation basis.

Deferred tax comprised of the following items:

- reduction of the deferred tax asset balance by the amount of PLN 3,087 thousand mainly due to utilisation of tax losses from previous years; and
- reduction of the deferred tax provision balance by the amount of PLN 2,810 thousand, resulting mainly from the decreasing difference between the tax and book value of development works.

Income tax	for the period from 1.01 to 30.09.2020	for the period from 1.01 to 30.09.2019
	PLN'000	PLN'000
Gross profit/ loss	6,259	(11,012)
Current corporate tax	(902)	-
Deferred tax:	(277)	-
Decrease of the differed tax assets	(3,087)	(953)
Deferred of deferred tax liability:	(2,810)	953
Income tax	(1,179)	-
Net profit/loss	5,080	(11,012)

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

11. Deferred tax asset and liability

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

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

DEFERRED TAX	Balance as of 30.09.2020 PLN'000	Balance as of 30.06.2020 PLN'000	Balances as of 31.12.2019 PLN'000	Balance as of 30.09.2019 PLN'000
Deferred tax assets				
Opening value	5,949	5,949	6,859	6,859
Including assets reported in the profit and loss account	5,949	5,949	6,859	6,859
Increases reported in the profit and loss account	2,863	2,933	5,949	5,613
cost accrual	92	122	60	44
provision for returns	58	78	516	-
inventory impairment	-	4	3	35
valuation of liabilities	2	-	-	-
valuation of receivables	-	-	103	-
valuation of short-term investments	-	12	5	-
tax loss	2,711	2,711	5,261	5,102
leasing of fixed assets	-	-	1	161
other	-	6	-	271
Decreases compared to the financial result	(5,949)	(5,949)	(6,859)	(6,859)
Closing value	2,863	2,933	5,949	5,613
Deferred tax provisions				
Opening value	6,205	6,205	4,162	4,162
Including assets reported in profit and loss account	6,205	6,205	4,162	4,162
Increases reported in the profit and loss account	3,395	4,142	6,205	2,901
reserve valuation for returns	6	17	27	-
leasing	56	51	44	43
receivables valuation allowance	30	31	-	-
receivables valuation allowance	-	3	1	-
valuation of short term investments	25	-	1	-
other	28	22	9	20
compensation	239	523	523	-
difference between the balance-sheet and tax value of tangible fixed assets	3,011	3,495	5,600	2,838
Decreases reported in the profit and loss account	(6,205)	(6,205)	(4,162)	(4,162)
Closing value	3,395	4,142	6,205	2,901

12. Share capital

As of September 30, 2020, share capital comprised of nine series of shares issued at the following terms:

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

13. Information on material transactions to purchase or sell tangible assets

In the third quarter of 2020 there were no material transactions involving the purchase or sale of tangible assets.

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

In the third quarter of 2020 there were no significant liabilities related to the purchase of tangible assets.

15. Information on significant settlements due to court cases

In the third quarter of 2020, there were no significant settlements due to court cases.

On April 2, 2020, CI Games S.A. and Original Force Ltd., a company with the registered office in Nanjing (China) entered into a settlement based on the laws of the U.S. state of California, resulting from the Company prevailing in an arbitration dispute against Original Force Ltd. before the JAMS arbitration institution in the United States. On the basis of the settlement reached, Original Force Ltd. will pay CI Games S.A. a total amount of USD 800,000. The payment schedule provides for payments to be made in instalments until February 20, 2021. The first payment (instalment) in the amount as specified in the settlement, i.e. USD 240,000, was received by the Company on July 15, 2020, and subsequent instalments in the amounts of USD 320,000 were transferred to the Company's bank account in the period from July to November this year.

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

In the third quarter of 2020, there were no breaches of significant terms and conditions of loan or credit agreements. The Company repaid a revolving loan granted by mBank S.A. before its due date.

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

No changes took place in classification of financial assets due to a change in the purpose or use of these assets in the third quarter of 2020.

18. Information on significant settlements due to court cases

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

In the Annual Report published on March 27, 2020, the Company has disclosed the initiation of court proceedings on October 17, 2019 against EP Retail sp. z o.o., EP Office 2 sp. z o.o., EP Office 1 sp. z o.o. and EP Apartments sp. z o.o. CI Games S.A. filed a suit at the District Court in Warsaw against these entities due to the unlawful drawing of funds from a bank guarantee, overpaid operating costs and overpaid rent. The total value of the object of litigation is PLN 863,000 (EUR 180,000 and PLN 48,000). As of the report publication date, the case remains pending.

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

As of September 30, 2020, Parent Entity had the following conditional liabilities:

- a bank guarantee issued by mBank S.A. on October 23, 2019 up to the amount of EUR 58,000 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 validity expired on October 14, 2020;
- a framework agreement for financial market transactions entered into with mBank S.A. on August 9, 2018.

As of September 30, 2020, the Group had no other conditional liabilities.

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

On December 12, 2018, the Company concluded a loan agreement with its subsidiary United Label S.A. for the amount of PLN 2 million. The loan funds are made available in tranches. The deadline for full repayment of the loan is December 12, 2023. The loan interest rate is equal to WIBOR 3M base rate plus margin. Annex no. 2 to this loan agreement was signed on April 2, 2020, increasing the loan limit to PLN 5.5 million. The loan balance as of September 30, 2020 amounted to PLN 5,055 thousand plus interest in the amount of PLN 138 thousand.

In the period between January 1, 2020 and September 30, 2020, neither the Company nor any of its subsidiaries granted any loans or credit sureties (apart from drawdowns of additional loan instalments described above) or warranties for the amount equivalent to at least 10% of the Company's equity.

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

In the third quarter of 2020 the Issuer conducted a share issue as part of the increase of the Company's share capital within the limits of its authorized capital.

Managing Board of the Company, acting pursuant to the authority given to the Managing Board by Resolution no. 3/2/2018 of the Extraordinary General Meeting of Shareholders dated September 27, 2018 concerning: i) amendment of the Articles of Association to authorize the Company's Managing Board, upon permission of the Company's Supervisory Board, to increase the Company's share capital within limits of authorized capital, ii) amendment of the Company's Articles of association to authorize the Company's Managing Board to waive subscription rights, upon permission of the Supervisory Board, in their entirety or in part concerning the increase of the Company's share capital as part of authorized capital, iii) authorizing the Company's Supervisory Board to adopt unified text of the Articles of Association and on the basis of § 10a of the Company's Articles of Association upon permission of the Company's Supervisory Board subject to Resolution no. 2020/08/24/1 of CI Games S.A. Supervisory Board dated September 24, 2020 on the approval for the Company's Managing Board for the increase of the Company's share capital within limits of authorized capital by issuing ordinary, series I bearer shares, waiving subscription rights of the existing shareholders to all series I shares and on amendment of the Company's Articles of Association, passed in a vote by circulation; has, on August 24, 2020, taken up a resolution on an increase of the Company's share capital as part of authorized capital from PLN 1,619,430.15 by at least PLN 0.01 and by no more than PLN 210,000, i.e. to at least PLN 1,619,430.16 and to no more than PLN 1,829,430.15 („Managing Board Resolution”). As a consequence of the adoption of the Managing Board's Resolution, the Company issued series I shares totaling no more than 21,000,000 (21 million) ordinary bearer, series I shares with a nominal value of PLN 0.01 each (“Series I Shares”).

Series I Shares were offered in a private placement conducted on August 31, 2020 - September 2, 2020. As part of Series I Share issue:

i) The Managing Board made a pre-emptive offer to purchase Series I Shares to those Company shareholders, who within 3 (three) days of the passing of Managing Board resolution have demonstrated they were shareholders of the Company upon the date of Managing Resolution (“Pre-emptive right to

take up shares"). The pre-emptive right to take up shares was due to specific shareholders in the amount equal to the ratio between a) the number of Company shares held by such shareholder upon the announcement of Managing Board Resolution and the total number of all outstanding shares of the Company and b) ultimate number of Series I Shares. As a pre-requisite for the execution of Pre-emptive right to take up shares the shareholder had to fulfil additional requirements, i.e. a) present a document issued by an entity managing that shareholder's securities account confirming that the shareholder is a shareholder upon the date of Managing Board Resolution and possessed shares representing at least 0.25% (twenty-five percentage points) of the Company's initial capital and b) having the authorized shareholder make a subscription at a price no less than the final Series I Share price set and c) making a subscription for Series I Shares at an issuing price determined by the Managing Board;

ii) In the event where a mutual investment fund, as defined by the Law on Investment Funds and the Management of Alternative Investment Funds (Journal of Laws 2018, item 1355) had the Pre-emptive right to take up shares, at the request of such authorized shareholder the Company's Managing Board could also make an offer to take up Series I Shares to another mutual fund or mutual funds as defined by the above law, which are managed by the same mutual fund company ("Associated Entities"). Total number of Series I Shares offered by the Company's Managing Board to such fund or its Associated Entities while executing the Pre-emptive right to take up shares may not exceed the number of Series I Shares referred to in point i) above.

Furthermore, the Company's Managing Board passed a resolution to amend the Company's Articles of Association so as to reflect the above increase of initial capital.

On September 3, 2020, the Company's Managing Board allocated Series I Shares. Series I Shares were taken up at an issuing price of PLN 1.2 per share. As part of this issue, the Issuer's President of the Board, Mr. Marek Tymiński, took up 420,000 (four hundred twenty thousand) Series I Shares.

Pursuant to the Resolution, the Company's Managing Board took all steps in order for the Company to effectively seek admission and a listing on a regulated trading market operated by the Warsaw Stock Exchange (GPW) in Warsaw of Series I Shares and to dematerialize Series I Shares. Series A Shares totaling 21,000,000 (twenty-one million) were listed on WSE's Main Market on October 6, 2020. Registration of changes of the Company's Articles of Association, containing the information on the increase of initial capital in relation to Series I Share issue took place on September 21, 2020.

Issuer's subsidiary, United Label S.A., has raised its share capital by issuing 275,000 ordinary bearer shares of series B, with a nominal value of PLN 0.10 each, at issuing price of PLN 16 apiece. The value of this issue was PLN 4.4m. Subscription of series B shares was conducted in two tranches: up to 187,500 shares – subscription in the period of June 22-29 and up to 87,500 shares – subscription in the period between June 30 and July 10, 2020. On July 22, 2020, the District Court for the capital city of Warsaw, 12th Commercial Division of the National Court Register, recorded an increase in the share capital of United Label S.A. At present, the share capital of United Label S.A. amounts to PLN 127,500.

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

Two newly created subsidiaries of the Parent Entity began their operations in the course of the third quarter of 2020. CI Games Mediterranean Projects S.L. has been operating since July, while the Romanian company CI Games Bucharest Studio SRL began its operations in September. Their main area of operations is the development of "Lords of the Fallen 2" game as part of Hexworks, the newly created development studio of the Group.

23. Information on a single or multiple transactions entered into by the Company or any of its subsidiaries with related entities, if these are material individually or jointly and were concluded on non-market conditions, indicating their value

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

Material transactions with related entities have been described in Note 35 to the Consolidated Financial Statement for the year ending December 31, 2019, prepared in accordance with the IFRS. In the first half of year 2020, transactions were executed with related entities on the basis of market conditions, and in the opinion of the Management Board of the Company, were typical and routine.

Transactions for the period from 01.01. to 30.09.2020 and and balances as of 30.09.2020				
	PURCHASES	SALE	RECEIVABLES	LIABILITIES
Entity	PLN'000	PLN'000	PLN'000	PLN'000
CI Games USA Inc.	-	7,644	9,457	-
Business Area Sp. z o.o.	-	1	-	-
Business Area Sp. z o.o. Sp.J.	4	(25)	(380)	-
CI Games S.A. Sp. J.	73	1	-	155
United Label S.A.	205	194	5,200	134
CI GAMES UK Limited	89	-	1	1
CI GAMES BUCHAREST STUDIO SRL	64	-	-	28
CI Games Mediterranean Projects	1,166	-	5	135
Total	1,601	7,815	14,283	453

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

Transactions for the period from 01.01. to 30.09.2020 and balances as of 30.09.2020	PURCHASES	SALE	RECEIVABLES	LIABILITIES
Entity	PLN'000	PLN'000	PLN'000	PLN'000
Onimedia Sp. z o.o.	-	1	-	-
Premium Restaurants Sp. z o.o.	-	-	-	9
Premium Food Restaurants S.A.	-	-	84	-
Fine Dining Sp. z o.o.	-	-	174	-
Total	-	1	258	9

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

Transactions for the period from 01.01. to 30.09.2020 and balances as of 30.09.2020	PURCHASES	SALE	RECEIVABLES	LIABILITIES
Entity	PLN'000	PLN'000	PLN'000	PLN'000
Marek Tymiński	45	-	-	10
BWHS Bartkowiak Wojciechowski Hałupczak Springer SPÓŁKA JAWNA	143	-	-	-
Total	188	-	-	10

24. Information on paid (or declared) dividends, in total and per share, divided by ordinary and preferred shares

In the third quarter of 2020, the Parent Entity neither paid nor declared dividend payment. The Ordinary General Meeting of Shareholders dated July 27, 2020 passed a resolution to allocate profit earned in 2019 in the amount of PLN 2,007,435.33 towards the loss in the previous years.

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

In the third quarter of year 2020, no events occurred, which would exert a negative impact on assessment of capability of the Parent Entity and the Capital Group to settle their liabilities. In the reported period, the Company issued new shares of series I and consequently, the Company obtained PLN 24.9m of net cash inflows.

The Company plans to finance production of new games with funds raised from the issue of Series I Shares and from operating cash flows.

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

The Managing Board has not published forecasts of the financial results of CI Games Capital Group or CI Games S.A. in the financial reports for the year 2020.

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

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 Company's future financial results.

28. Information about impact of pandemic COVID-19 on the financial statements of the Group

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

The Company did not use public assistance as part of crisis mitigation and assistance programs prepared by the government of the Republic of Poland.

CI Games USA Inc., a subsidiary, has received a subsidy financing totaling USD 37,102 in May 2020 as part of Paycheck Protection Program, a jobs protection program. As part of this program, the subsidiary was required to finance at least 75% of wage and salary expenses from assistance funding. CI Games USA Inc. used the entire amount to finance wages and salaries and consequently has no outstanding liabilities with respect to the funding obtained from this program. According to IAS 20, this amount was recorded as a deduction of payroll expenses in May and June 2020.

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

- The Group will continue to sell the "Sniper Ghost Warrior Contracts" and the "Sniper Ghost Warrior 3", in particular, in the digital distribution channel.
- The Group generates most of its revenue from sales in foreign currencies (mainly EUR and USD), and therefore currency exchange rates will exert an impact on the financial results of the Group in the future.
- At present, the Group is focusing on production of "Sniper Ghost Warrior Contracts 2" and "Lords of the Fallen 2" titles. Both games are being made by CI Games Group's internal production teams in cooperation with external subcontractors.
- United Label S.A., a subsidiary of the Company, continues cooperation with independent developers of the indie games. The Group generated first revenues from these games' distribution in the third quarter of 2020. Röki, a first title from the portfolio of United Label S.A. was released

on July 23, 2020 on PCs and on October 15, 2020 on Nintendo Switch. The release of the next game from United Label S.A. portfolio has been planned for the first quarter of the year 2021.

- A key event of 2021 will be the release of “Sniper Ghost Warrior Contracts 2”, scheduled for the first quarter of 2021.
- Long-term impact of the COVID-19 pandemic on the gaming sector and the Company is unclear due to the risk of growing unemployment and reduced consumer purchasing power. On the other hand, the Company expects a growing level of sales in the digital channel.

V. Quarterly standalone financial statement of CI GAMES S.A.

SELECTED FINANCIAL INFORMATION

Profit and Loss Accounts	for the period from 1.01 to 30.09.2020		for the period from 1.01 to 30.09.2019	
	PLN'000	EUR'000	PLN'000	EUR'000
Net revenue from sales	34,082	7,673	10,010	2,323
Profit (loss) from operating activities	7,303	1,644	(9,021)	(2,094)
Gross profit (loss)	7,440	1,675	(9,256)	(2,148)
Net profit (loss)	6,009	1,353	(9,256)	(2,148)
Number of shares (in thousands)	182,943	182,943	161,943	161,943
Profit (loss) per ordinary share (PLN/share)	0.03	0.01	(0.06)	(0.01)

Statement of cash flow	for the period from 1.01 to 30.09.2020		for the period from 1.01 to 30.09.2019	
	PLN'000	EUR'000	PLN'000	EUR'000
Net cash flows from operating activities	31,705	7,138	2,130	494
Net cash flows from investing activities	(16,549)	(3,726)	(17,254)	(4,005)
Net cash flows from financing activities	164	37	16,261	3,774
Net cash flows	15,320	3,449	1,137	264

Balance sheet	as of 30.09.2020		as of 31.12.2019	
	PLN'000	EUR'000	PLN'000	EUR'000
Non-current assets	66,632	14,719	67,713	15,901
Current assets	39,783	8,788	34,031	7,991
Total assets	106,415	23,508	101,744	23,892
Equity	97,704	21,583	66,758	15,676
Initial capital	1,829	404	1,619	380
Liabilities	8,711	1,924	34,986	8,216
Non-current liabilities	3,395	750	6,474	1,520
Current liabilities	5,316	1,174	28,512	6,695
Total equity and liabilities	106,415	23,508	101,744	23,892

STATEMENT OF FINANCIAL CONDITIONS

ASSETS	as of 30.09.2020	as of 30.06.2020	as of 31.12.2019	as of 30.09.2019
	PLN'000	PLN'000	PLN'000	PLN'000
A. Non-current assets	66,632	63,833	67,713	77,880
Property, plant and equipment	386	372	376	401
Intangible assets	52,975	49,948	52,885	61,121
Right-to-use asset	688	836	1,133	4,304
Shares in subsidiaries	4,516	4,495	4,495	4,604
Long term investments	5,193	5,104	2,599	2,038
Deferred tax asset	2,874	3,078	6,214	5,397
Other non-current assets	-	-	11	15
B. Current assets	39,783	30,611	34,031	14,888
Inventory	2,137	2,320	3,118	2,468
Current investments	-	-	-	6
Advances granted	10	34	-	42
Trade receivables	13,243	14,927	21,894	3,635
Tax receivables	-	-	-	-
Cash and cash equivalents	19,595	7,232	4,306	6,128
Other current assets	4,798	6,098	4,713	2,609
Total assets	106,415	94,444	101,744	92,768

LIABILITIES & EQUITY	as of 30.09.2020	as of 30.06.2020	as of 31.12.2019	as of 30.09.2019
	PLN'000	PLN'000	PLN'000	PLN'000
A.	97,704	72,295	66,758	55,946
Share capital	1,829	1,619	1,619	1,619
Share premium	74,486	49,759	49,759	49,759
Reserve capital for the acquisition of shares	16,000	16,000	16,000	16,000
Dividend capital	1,017	1,017	1,017	1,017
Retained earnings	4,372	3,900	(1,637)	(12,449)
including profit for the period	6,009	5,537	2,007	(9,256)
B. LIABILITIES	8,711	22,149	34,986	36,822
Non-current liabilities	3,395	4,142	6,474	6,425
Loans, credit and other debt instruments	-	-	-	-
Finance lease liabilities	-	-	269	3,524
Deferred income tax provision	3,395	4,142	6,205	2,901
Current liabilities	5,316	18,007	28,512	30,397
Borrowings including credits, loans and other debt instruments	351	12,843	24,053	24,083
Income tax liabilities	287	99	-	-
Trade liabilities	3,132	3,355	3,365	4,180
Finance lease liabilities	403	577	634	1,416
Other liabilities	214	384	144	131
Other current provisions	486	638	316	233
Deferred revenues	443	111	-	354
Total equity and liabilities	106,415	94,444	101,744	92,768

PROFIT AND LOSS ACCOUNT AND COMPREHENSIVE INCOME

Statement of comprehensive income	for the period from 1.01 to 30.09.2020 PLN'000	for the period from 1.07 to 30.09.2020 PLN'000	for the period from 1.01 to 30.09.2019 PLN'000	for the period from 1.07 to 30.09.2019 PLN'000
Continuing operations				
Net revenue from sales	34,082	7,617	10,010	2,984
Revenue from sale of products and services	34,082	7,617	10,010	2,984
Revenue from sale of goods and materials	-	-	-	-
Costs of products, goods and services sold	(19,992)	(4,706)	(8,731)	(1,929)
Manufacturing cost of products sold	(19,992)	(4,706)	(8,731)	(1,929)
Value of goods and materials sold	-	-	-	-
Gross profit (loss) on sales	14,090	2,911	1,279	1,055
Other operating revenues	232	87	252	59
Selling costs	(2,621)	(551)	(5,230)	(1,204)
General and administrative costs	(3,865)	(1,103)	(3,903)	(1,341)
Other operating expenses	(533)	(35)	(1,419)	(856)
Profit (loss) on operating activities	7,303	1,309	(9,021)	(2,287)
Financial revenues	455	(527)	185	138
Financial expenses	(318)	(50)	(420)	(130)
Profit (loss) before tax	7,440	732	(9,256)	(2,279)
Income tax	(1,431)	(260)	-	-
current tax due	(902)	(803)	-	-
deferred tax	(529)	543	-	-
Profit (loss) on continuing operations	6,009	472	(9,256)	(2,279)
Discontinued operations	-	-	-	-
Loss from discontinued operations	-	-	-	-
Net profit (loss)	6,009	472	(9,256)	(2,279)
Total other comprehensive income, including:				
Total income for the financial year	6,009	472	(9,256)	(2,279)
Net profit (loss) in thousands of PLN	6,009	472	(9,256)	(2,279)
Weighted average number of shares (in thousands)	182,943	161,943	161,943	161,943
Profit (loss) per ordinary share (in PLN)	0.03	0.00	(0.06)	(0.01)

CASH FLOW STATEMENT

(indirect method)

	for the period from 1.01 to 30.09.2020	for the period from 1.07 to 30.09.2020	for the period from 1.01 to 30.09.2019	for the period from 1.07 to 30.09.2019
	PLN'000	PLN'000	PLN'000	PLN'000
Cash flows from operating activities				
Gross profit (loss)	7,440	732	(9,256)	(2,279)
Total adjustments	24,265	5,482	11,386	3,870
Depreciation	14,635	3,105	7,710	1,918
Impairment loss (reversal)	110	(1)	3	-
Profit (loss) on foreign exchange differences	39	27	2	6
Interest	3	(12)	338	110
Comission on loans	201	2	-	-
Profit (loss) on sale of non-current assets	-	-	1	-
Profit (loss) on investment activity	-	-	-	-
Change in receivables	8,668	1,685	5,138	3,367
Change in inventory and prepayments	844	207	176	(140)
Change in trade and other payables	(164)	(395)	(331)	(485)
Change in employee benefit provisions and liabilities	170	(152)	(247)	(9)
Change in other current assets	(75)	1,299	(1,758)	(1,251)
Tax paid	(616)	(616)	-	-
Deferred revenues	443	332	354	354
Other adjustments	7	1	-	-
Net cash flows from operating activities	31,705	6,214	2,130	1,591
Cash flows from investing activities				
Repayment of loans granted	100	100	2	2
Cash inflows on disposal of property, plant and equipment and intangible	-	-	41	1
Cash outflows on acquisition of property, plant and equipment and intangi	(181)	(73)	(247)	(69)
Cash outflows on development works	(13,837)	(5,855)	(15,157)	(4,198)
Cash outflows on acquisition of financial assets	(21)	(21)	-	-
Cash outflows on loans granted	(2,610)	(162)	(1,893)	(468)
Net cash from investing activities	(16,549)	(6,011)	(17,254)	(4,732)
Cash flows from financing activities				
Net proceeds from the issue of shares and other capital instruments	24,938	24,938	9,279	9,279
Incurrence of borrowings	347	(18)	8,671	914
Repayment of borrowings	(24,038)	(12,461)	(800)	(800)
Repayment of finance lease liabilities	(517)	(163)	(302)	(191)
Interest	(365)	(103)	(551)	(233)
Other financial outflows	(201)	(2)	(36)	(36)
Net cash from financing activities	164	12,191	16,261	8,933
Total net cash flows	15,320	12,394	1,137	5,792
Exchange differences on cash	31	31	-	-
Balance sheet changes in cash and cash equivalents	15,289	12,363	1,137	5,792
Cash and cash equivalents at the beginning of the period	4,306	7,232	4,991	336
Cash and cash equivalents at the end of the period	19,595	19,595	6,128	6,128

CHANGES IN EQUITY

For the period from 01.01. to 30.09.2020	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 01.01.2020	1,619	49,759	16,000	-	1,017	(1,637)	66,758
As of 01.01.2020, upon coversion	1,619	49,759	16,000	-	1,017	(1,637)	66,758
CHANGES IN EQUITY							
Profits and losses in the period	-	-	-	-	-	6,009	6,009
Issue of shares	210	24,727	-	-	-	-	24,937
As of 30.09.2020	1,829	74,486	16,000	-	1,017	4,372	97,704

For the period from 01.01. to 30.09.2019	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)	(12,494)
As of 01.01.2019, upon coversion	1,511	40,588	16,000	-	1,017	(3,194)	55,922
CHANGES IN EQUITY							
Profits and losses in the period	-	-	-	-	-	(9,256)	(9,256)
Issue of shares	108	9,171	-	-	-	-	9,279
As of 30.09.2019	1,619	49,759	16,000	-	1,017	(12,449)	55,946

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, upon coversion	1,511	40,588	16,000	-	1,017	9,300	68,416
Adjustment of result for previous years	-	-	-	-	-	(12,944)	(12,944)
As of 01.01.2019, 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 31.12.2019	1,619	49,759	16,000	-	1,017	(1,637)	66,758

All the mid-year financial information essential for the assessment of the Issuer's assets and financial position were included in the abridged consolidated financial statement for September 30, 2020.

The following abridged mid-year financial statement of the Company, prepared as of September 30, 2020, should be read in conjunction with CI Games S.A. financial statement for December 31, 2019.

Approval of the quarterly Financial Statement

The following report and the quarterly financial report for the period from July 1 to September 30, 2020, have been signed and approved for release by CI Games S.A. Managing Board on November 27, 2020.

Marek Tymiński

President of the Board

Monika Rumianek

Board Member

Warsaw, November 27, 2020

