



CI GAMES CAPITAL GROUP

Consolidated financial statements
for 2023 year

Warsaw, 17th April 2024

SELECTED FINANCIAL INFORMATION

Profit and Loss Accounts	for the period from 1.01 to 31.12.2023		for the period from 1.01 to 31.12.2022	
	PLN'000	EUR'000	PLN'000	EUR'000
Net revenue from sales	244,983	54,100	56,694	12,093
Profit (loss) from operating activities	31,489	6,954	7,819	1,668
Gross profit (loss)	26,284	5,804	11,386	2,429
Net profit (loss)	14,467	3,195	8,575	1,829
Weighted average number of shares (in thousands)	182,943	182,943	182,943	182,943
Number of diluted shares (in thousands units)	185,962	185,962	185,872	185,872
Net profit (loss) per ordinary share attributable to equity owners of the Parent (PLN)	0.07	0.02	0.04	0.01
Diluted earnings/ loss per share attributable to equity owners of the Parent (PLN)	0.07	0.01	0.04	0.01

Statement of cash flow	for the period from 1.01 to 31.12.2023		for the period from 1.01 to 31.12.2022	
	PLN'000	EUR'000	PLN'000	EUR'000
Net cash flows from operating activities	71,106	15,702	31,738	6,770
Net cash flows from investing activities	(82,994)	(18,328)	(80,114)	(17,088)
Net cash flows from financing activities	35,435	7,825	17,238	3,677
Net cash flows	23,547	5,200	(31,138)	(6,642)

Balance sheet	as of 31.12.2023		as of 31.12.2022	
	PLN'000	EUR'000	PLN'000	EUR'000
Non-current assets	187,526	43,129	158,466	33,789
Current assets	87,468	20,117	20,795	4,434
Total assets	274,994	63,246	179,261	38,223
Equity	160,278	36,862	142,217	30,324
Initial capital	1,829	421	1,829	390
Liabilities	114,716	26,384	37,044	7,899
Non-current liabilities	23,053	5,302	4,644	990
Current liabilities	91,663	21,082	32,400	6,908
Total equity and liabilities	274,994	63,246	179,261	38,223

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

- as of 31.12.2023 - 4.3480 PLN/ EUR
- as of 31.12.2022 - 4.6899 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:

- 2023 - 4.5284 PLN/ EUR
- 2022 - 4.6883 PLN/ EUR

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I. KEY FINANCIAL DATA OF CI GAMES CAPITAL GROUP

CONSOLIDATED STATEMENT OF FINANCIAL CONDITIONS

ASSETS		as of 31.12.2023	as of 31.12.2022
		PLN'000	PLN'000
Non-current assets		187,526	158,466
Property, plant and equipment	1	1,367	1,528
Intangible assets	2	168,707	152,044
Right-to-use asset	3	2,276	3,397
Long term investments		-	-
Deferred tax asset	5	14,638	1,017
Long term receivables	7	538	480
Current assets		87,468	20,795
Inventory	6	1,502	1,171
Current investments	4	-	346
Trade and other receivables	8	52,262	12,242
Tax receivables	9	3,471	418
Cash and cash equivalents	10	30,233	6,618
Current assets other than assets or disposal classified as held for sales or as held for distribution to owners		87,468	20,795
Non-current assets classified as held for sale or as held for distribution to owners		-	-
Total assets		274,994	179,261

LIABILITIES & EQUITY		as of 31.12.2023	as of 31.12.2022
		PLN'000	PLN'000
		160,278	142,217
Share capital	11	1,829	1,829
Share premium	12	78,653	78,653
Other reserve capital	13, 15	22,316	18,203
Retained earnings	14	54,799	42,128
including profit for the period		13,047	8,196
Equity attributable to owners of the Parent		157,597	140,813
Equity attributable to non-controlling interests		2,681	1,404
LIABILITIES		114,716	37,044
Non-current liabilities		23,053	4,644
Loans, credit and other debt instruments	16	-	-
Finance lease liabilities	17	1,359	2,783
Deferred income tax provision	5	21,694	1,861
Current liabilities		91,663	32,400
Borrowings including credits, loans and other debt instruments	16	57,750	18,575
Income tax liabilities	9	123	66
Trade liabilities and other liabilities	18	29,640	11,641
Finance lease liabilities	17	1,025	1,219
Other current provisions	19	3,125	899
Current liabilities other than liabilities included in disposal groups classified as held for sale		91,663	32,400
Liabilities included in disposal groups classified as held for sale		-	-
Total equity and liabilities		274,994	179,261

CONSOLIDATED PROFIT AND LOSS ACCOUNT AND COMPREHENSIVE INCOME

Statement of comprehensive income		for the period from 1.01 to 31.12.2023	for the period from 1.01 to 31.12.2022
		PLN'000	PLN'000
Continuing operations			
Net revenue from sales	22	244,983	56,694
Costs of products, goods and services sold	22	(108,558)	(15,949)
Gross profit (loss) on sales		136,425	40,745
Other operating revenues	24	947	146
Selling costs		(85,907)	(15,896)
General and administrative costs		(17,203)	(16,346)
Other operating expenses	25	(1,274)	(748)
Impairment loss/impairment gain and reversal of impairment loss	8	(1,499)	(82)
Profit (loss) on operating activities		31,489	7,819
Financial revenues	27	-	4,011
Financial expenses	28	(5,205)	(444)
Profit (loss) before tax		26,284	11,386
Income tax	29	(11,817)	(2,811)
Profit (loss) on continuing operations		14,467	8,575
Discontinued operations		-	-
Loss from discontinued operations		-	-
Net profit (loss)		14,467	8,575
- net profit (loss) attributable to equity owners of the Parent		13,047	8,196
- net profit (loss) attributable to non-controlling interest		1,420	379
Total other comprehensive income, including:			
Other comprehensive income that will be reclassified to profit or loss before tax		(432)	(334)
Foreign exchange differences from translation of foreign entities		(432)	(334)
Other comprehensive income before tax		(432)	(334)
Income tax relating to components of other comprehensive income that will be reclassified to profit or loss		-	-
Other net comprehensive income		(432)	(334)
TOTAL COMPREHENSIVE INCOME		14,035	8,241
- total net comprehensive income attributable to equity owners of the Parent		12,615	7,862
- total net comprehensive income attributable to non-controlling interest		1,420	379

CONSOLIDATED CASH FLOW STATEMENT
(indirect method)

	for the period from 1.01 to 31.12.2023	for the period from 1.01 to 31.12.2022
	PLN'000	PLN'000
Cash flows from operating activities		
Gross profit (loss)	26,284	11,386
Total adjustments	53,423	19,334
Depreciation and amortization	67,525	8,257
Impairment loss (reversal)	2,629	684
Profit (loss) on foreign exchange differences	(485)	(411)
Adjustments to finance cost /income	2,922	271
Profit (loss) on sales of fixed assets	(1)	(32)
Change in trade and other receivables	(41,576)	4,436
Change in inventories	(1,462)	841
Change in trade and other payables	17,584	6,669
Change in provisions	6,287	(1,381)
Other adjustments	-	-
Net cash flows from operating activities	79,707	30,720
Paid corporate income tax (return) related to operating activity	(8,601)	1,018
NET CASH FLOWS FROM OPERATING ACTIVITIES (used in the operating activity)	71,106	31,738
Cash flows from investing activities		
Repayment of loans granted	-	60
Cash inflows on disposal of property, plant and equipment and intangible assets	2	53
Cash outflows on acquisition of property, plant and equipment and intangible assets	(82,996)	(80,227)
Cash outflows on acquisition of financial assets	-	-
Cash outflows on loans granted	(82,994)	(80,114)
Cash flows from financing activities		
Net proceeds from the issue of bonds	26,695	-
Inflows from loans	20,080	18,562
Repayment of loans	(7,724)	-
Repayment of finance lease liabilities	(1,149)	(1,053)
Interest	(2,306)	(65)
Other financial outflows	(161)	(206)
NET CASH FLOW FROM FINANCING ACTIVITIES	35,435	17,238
TOTAL NET CASH FLOWS	23,547	(31,138)
Exchange differences on cash	68	(87)
Balance sheet changes in cash and cash equivalents	23,615	(31,225)
Cash and cash equivalents at the beginning of the period	6,618	37,843
Cash and cash equivalents at the end of the period	30,233	6,618

STATEMENT OF CHANGES IN CONSOLIDATED EQUITY

For the period from 01.01. to 31.12.2023	Share capital	Share premium	Other reserve capital	Retained earnings	Equity attributable to owners of parent	Non controlling interest	Equity
	PLN'000	PLN'000	PLN'000	PLN'000	PLN'000	PLN'000	PLN'000
As of 01.01.2023	1,829	78,653	18,203	42,128	140,813	1,404	142,217
As of 01.01.2023, upon conversion	1,829	78,653	18,203	42,128	140,813	1,404	142,217
Profit (loss) for the period	-	-	-	13,047	13,047	1,420	14,467
Increase (decrease) as the result of other changes in equity	-	-	(432)	-	(432)	-	(432)
Total	-	-	(432)	13,047	12,615	1,420	14,035
Increase (decrease) as the result of other changes in equity	-	-	-	-	-	-	-
Issue of financial instruments	-	-	485	-	485	-	485
Valuation of motivational program	-	-	4,060	-	4,060	-	4,060
Increase (decrease) as the result of change in ownership in subsidiaries which do not result in loss of control	-	-	-	(376)	(376)	(143)	(519)
Changes in equity	-	-	4,113	12,671	16,784	1,277	18,061
As of 31.12.2023	1,829	78,653	22,316	54,799	157,597	2,681	160,278

For the period from 01.01. to 31.12.2022	Share capital	Share premium	Other reserve capital	Retained earnings	Equity attributable to owners of parent	Non controlling interest	Equity
	PLN'000	PLN'000	PLN'000	PLN'000	PLN'000	PLN'000	PLN'000
As of 01.01.2022	1,829	78,653	16,629	36,294	133,405	1,704	135,109
As of 01.01.2022, upon coversion	1,829	78,653	16,629	36,294	133,405	1,704	135,109
Profit (loss) for the period	-	-	-	8,196	8,196	379	8,575
Increase (decrease) as the result of other changes in equity	-	-	(334)	-	(334)	-	(334)
Total	-	-	(334)	8,196	7,862	379	8,241
Increase (decrease) as the result of other changes in equity	-	-	5	-	5	-	5
Issue of shares	-	-	-	-	-	-	-
Valuation of motivational program	-	-	1,903	-	1,903	-	1,903
Increase (decrease) as the result of change in ownership in subsidiaries which do not result in loss of control	-	-	-	(2,362)	(2,362)	(679)	(3,041)
Changes in equity	-	-	1,574	5,834	7,408	(300)	7,108
As of 31.12.2022	1,829	78,653	18,203	42,128	140,813	1,404	142,217

II. KEY BASIC INFORMATION

Information about CI Games Capital Group

- Name of the reporting entity: CI Games Capital Group
- Explanation of the changes in the name off reporting entity: On 17.03.2023, the Court registered transformation of CI Games SA into CI Games European Company
- Location: Warsaw, Poland
- Legal form: European company
- Country of registration: Poland
- Registered Address: Rondo Daszyńskiego 2B, 00-843 Warsaw
- Basic place of conducting business activity: Warsaw, Barcelona, London, New York, Bucharest
- The core business activity: production, publishing and distribution of video games
- Tax identification number NIP: 1181585759
- Statistical identification number (REGON): 017186320

2. Structure of the Capital Group

As of 31.12.2023, CI Games Capital Group ("the Group", "Capital Group CI Games") consisted of the following entities:

- CI Games S.E. ("the Company", "CI Games", "Parent Entity", "Dominant Entity") with a registered office in Warsaw. Share capital: PLN 1,829,430.15. Dominant Entity. The Company is listed on the regulated market conducted by the Warsaw Stock Exchange in Warsaw S.A. On 17.03.2023, transformation of CI Games SA into CI Games European Company was registered.
- United Label S.A. with a registered office in Warsaw. Share capital: PLN 127,500. 93.91% shares held by CI Games S.E., with the remaining shares owned by private individuals. The Company is listed on New Connect market (Alternative Trading System – ATS) conducted by the Warsaw Stock Exchange in Warsaw S.A.
- CI Games USA Inc. with a registered office in the state of Delaware, United States of America. Share capital: USD 50,000. 100% shares held by CI Games S.E.
- Business Area sp. z o.o. with a registered office in Warsaw. Share capital: PLN 5,000; 100% shares held by CI Games S.E.
- Business Area sp. z o.o. sp.j. with a registered office in Warsaw. 99.99% contribution of CI Games S.E.; the remaining 0.01% of Business Area sp. z o.o.
- CI Games S.A. sp.j. with a registered office in Warsaw. 99.99% contribution of Business Area sp. z o.o.sp.j.; the remaining 0.01% of CI Games S.E.
- CI Games UK Ltd. with a registered office in London, the United Kingdom. Share capital GBP 100; 100% shares held by CI Games S.E.
- 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.E.; the remaining 25% shares owned by Mclex sp. z o.o. with the seat in Warsaw.

- CI Games Bucharest Studio S.R.L. with a registered office in Bucharest, Romania. Share capital: LEI 200. 100% shares owned directly by CI Games S.E.

3. Companies included in consolidation

The following companies are subject to consolidation:

Company	Share in capital	Share in voting rights	Consolidation method
CI Games Inc. USA	100%	100%	full
United Label S.A.	91.65%	91.65%	full
Business Area sp. z o.o	100%	100%	full
Business Area sp. z o.o. sp.j.	99.99%	99.99%	full
CI Games S.A. sp.j.	0.01%	0.01%	full
CI Games UK Ltd.	100%	100%	full
CI Games Mediterranean Projects S.L.	75%	75%	full
CI Games Bucharest Studio SRL	100%	100%	Not consolidated*

* due to the materiality level of i.e. the share of the balance sheet value of a subsidiary does not exceed 2% of total balance sheet of the Dominant entity

4. Statement of compliance and general principles of preparation the financial statements

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

These consolidated financial statements for the financial year ended on 31.12.2023 have been prepared in accordance with the International Financial Reporting Standards approved by the European Union (EU IFRS).

The Group prepared the financial statements for the year ended on 31.12.2023 on the basis of accounting principles consistent with the principles applied in preparation of the financial statements for year 2021. The standards and interpretations, which came into force on 01.01.2022, have been presented in the point 10. The consolidated financial statements of CI Games Capital Group ("the Group", "CI Games Group", "the Capital Group CI Games") encompasses the period from 01.01.2022 to 31.12.2023. The comparative data has been provided for the period from 01.01.2021 to 31.12.2021, and the balance sheet data has been presented as of 12.31.2023 and 31.12.2022.

These consolidated financial statements present reliably the results and financial position of the Group as of 31.12.2023, the results of its activity, as well as financial flows for the period of 12 months, ended on 31.12.2023.

5. Going concern assumption

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

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

In association with the situation related economic uncertainty in Poland and over the world related to the war in Ukraine, and their implications - neither jointly nor individually – the Management Board is of opinion that the current situation does not constitute an event that would require an adjustment of the consolidated financial statements for year 2023. As of the date of publication of these financial statements, the situation is subject to constant changes. These changes did not have impact on the going concern assumptions of the Group.

6. Functional and presentation currency and the rules of conversion of the financial data for the consolidation purposes

Functional currency of Dominant entity and presentation currency of these consolidated financial statements is Polish zloty (PLN). Possible differences in the amount of 1 thousand PLN when summing up the items presented in the explanatory notes result from adopted rounding.

Conversion into PLN of the financial statements of the subsidiaries for the consolidation purposes: the balance sheet items have been converted using the exchange rates as of the end of the reporting period, while the items of the profit and loss account and the cash flow statement have been converted in according to the exchange rates 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.

Foreign exchange differences resulting from these conversions are included in equity in the in the item foreign exchange differences from translation of foreign entities.

7. Professional judgment, assumptions and estimates

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

The Management Board verifies the estimates and assumptions on an ongoing basis and records any changes in these in the period, in which they were made. The real value may differ from the estimated value.

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

- **Amortization of development works** - the basis for calculation of amortization is evaluation of the consumption of the future benefits to be achieved from the asset. The Group verifies the assumed useful life of the asset on an annual basis.
- **Deferred tax asset** – the Group recognizes the asset due to deferred tax on the basis of assumption that in the future, a tax profit would be achieved, allowing for its use. The Management Board of the Company analyzes and verifies the estimates made with regard to probability of recovery of assets due to deferred income tax on the bases of changes in factors taken into account in the estimation.
- **Impairment of cash generating units** and individual fixed assets and intangible assets – Determination of impairment requires estimation of recoverable value of assets or cash generating units. The significant assumptions taken into account in estimation of this value include such variables as the discount rate and future economic benefits achieved from the games' sales estimated as future net revenues from the games.
- **Lessee discount rates** – discount rate applied in the rental agreement defined as percentage lease rate equal to free risk rate and premium for the credit risk.
- **Impairment loss on receivables** - estimated as the expected credit losses for trade and other receivables.
- **Impairment loss on inventories** - estimated on the basis of aging of inventories and net recoverable value as the estimated sale price.
- **Uncertainty associated with tax settlement** - regulations on goods and services tax, corporate income tax and charges associated with social insurance are subject to frequent changes. Tax settlements and other areas of activity of the Group may be subject to inspection by authorities entitled to impose penalties and fines. The Group recognizes and values assets or liabilities due to current and deferred income tax in accordance with requirements of IAS 12 Income tax and IFRIC 23 on the basis of tax profit (loss), basis for taxation, unsettled tax losses and tax rates, taking into account the assessment of uncertainty associated with tax settlements.

8. Impact of the war in Ukraine in 2023 on the financial results of the Group

- The Group did not identify requirement for impairment of the fixed assets, nor expected credit losses and the related writes-off in relation to the war in Ukraine.

9. Applied accounting principles

Consolidation principles

- (i) Subsidiaries

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

- holds the authority over the entity in question;

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

The Dominant entity consolidates its subsidiaries which, as long as they meet the materiality level i.e. their balance sheet value exceeds 2% of the balance sheet of a dominant entity – they are subject to full consolidation from the date of taking over the full control by a dominant entity.

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

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

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

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

(ii) Consolidation adjustments

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

Property, plant and equipment

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

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

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

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

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

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

Intangible assets

(i) Intangible assets

An intangible asset is recognized by the Group only if:

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

Intangible assets include intangible assets of initial value of at least PLN 5,000. The value of assets that can be recognized as intangible assets up to PLN 5,000 is included in current costs.

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

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

(ii) Development projects

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

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

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

- the possibility of reliable determination of expenditures incurred in the course of development projects, which can be assigned to such intangible asset.

The costs of development projects with a pre-determined usable life, for which it is possible to determine the sale estimates, are subject to amortization using the activity depreciation method proportionally to sales executed.

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

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

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

(iii) Intangible assets in progress

Costs related to publishing activities (right to distribution of the games in its subsidiary) are presented in the balance sheet as "Intangible assets in progress".

After the release date, they are presented as "Rights to distribution" and amortized over 3 years.

(iv) Impairment

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

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

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

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

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

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

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

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

The right to use assets and lease liabilities

According to IFRS 16, a contract is a lease or contains a lease, if it transfers the right to control the use of an identified asset for a given period in exchange for consideration. All lease transactions result in the right to use the asset and a payment liability arising on the part of the lessee.

The Company has identified and recognized office rental agreement as the assets and finance lease liability. The outstanding lease payments were measured at present value using the discount rate.

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

Shares in subsidiaries and associates not included in consolidation

Investments (shares) other than real estate property are recognized according to their purchase price reduced by impairment allowances.

Financial instruments – financial assets

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

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

The table below presents classification and valuation of financial assets:

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

Financial assets valued according to amortized cost

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

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

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

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

Financial assets valued at fair value through other comprehensive income

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

Financial assets valued at fair value through financial profit or loss

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

Impairment of financial assets

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

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

Financial instruments - financial liabilities

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

Classes of financial instruments	IFRS 9
Trade liabilities	Financial liabilities valued according to amortized cost
Financial liabilities	Financial liabilities valued according to amortized cost

Financial liabilities include financial liabilities valued initially according to their amortized cost and include trade liabilities and loan and credit liabilities.

- Financial liabilities valued after their initial recognition according to fair value through financial result include derivatives not included in the hedge accounting policy. Costs due to interest on the above liabilities are recognized using the effective interest rate method and recognized in the financial costs item.
- Financial liabilities valued at the fair value through the profit and loss account include financial instruments not covered by the hedging accounting policy.

Trade liabilities

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

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

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

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

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

- within 12 months,
- above 12 months.

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

Inventories

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

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

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

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

Impairment losses on inventories

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

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

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

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

Share capital

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

Costs related to issue and public offering of shares

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

Other reserve capital

Other reserve capital include: reserve capital for acquisition of own shares, motivational plan based on the shares and foreign exchange differences resulting from consolidation of subsidiaries.

Recognition of the Motivational – payments in the form of shares

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

In case of the vesting conditions being non-market: realisation of net profit of the Group and continues of the service. Therefore the fair value of the equity instruments is not adjusted to take into

consideration non-market based performance features - these are instead taken into account by adjusting the number of equity instruments included in the measurement of the share-based payment transaction, and are adjusted each period until such time as the equity instruments vest.

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

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

Provisions for liabilities

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

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

Provision for employees benefits

Provisions for employees benefits – provisions for retirement are calculated on the basis of own estimates, however, due to low average employee age and the resulting immaterial value of provisions, it is not being established at present.

Revenues

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

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

The Group applies five steps model:

- Step 1: Identify the contract with a customer.
- Step 2: Identify the performance obligation in the contract. Performance obligation is each commitment to transfer goods or service to a customer.
- Step 3: Determine the transaction price - fees that an entity accepts for the commitment of transfer the goods or service.
- Step 4: Allocate the transition prices to the performance obligations in the contract.

- Step 5: Recognize revenues when the entity satisfies a performance obligation. Revenues is recognized when the obligation to perform the services or when a customer has a control over the product or service. Groups recognizes revenues from sales of license in the sales period not earlier than after commencement of actual distribution of the game.

Costs

The Group prepares a profit and loss account in the functional variant. Costs are classified according to function. The Company and the Group presents the following cost items in the functional layout:

- Production cost: amortization of the games, royalties costs and productions costs which have not been capitalized.
- Selling costs: including mainly salaries costs of the sales and marketing departments, publishing activities and promotional costs related to the games;
- General and administration costs: salaries costs of administration employees, finance, legal, IT, Board and recruitment costs, advisory and costs related to listing on the stock exchange.

Tax

The obligatory tax charges include: the current tax (CIT) and the deferred tax.

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

Tax profit (loss) differs from booked net profit (loss) due to a exclusion of revenues subject to taxation and costs constituting tax deductible expenses in future years and expense and revenue items, which will never be subject to taxation. Deferred tax is calculated using the balance sheet method as tax to be paid or returned in the future on differences between the balance sheet value of assets and liabilities and the corresponding tax values used for calculation of taxation basis.

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

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

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

Transactions expressed in foreign currencies

Transactions executed in foreign currencies are translated to the functional currency using exchange rates applicable on the date of execution of these transactions in the following manner: according to the average exchange rate provided for a given currency by the National Bank of Poland from the date preceding specific transaction.

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

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

Reporting of operating segments

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

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

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

The Group has identified the following segments:

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

In accordance with the par. 13, IFRS 8, the Group discloses results per segments when at least one of the below conditions is met: i.e. (i) revenues from the operational segment exceeds 10% of joint revenues, including external clients and transfers between the segments, (ii) financial result of the segment, expressed in absolute values, accounts for at least 10% of sum of absolute results of all segments which posted no losses or the combined loss all operational segments which recorded losses, (iii) assets of the segment accounts for 10% or more of total assets of all operational segments.

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

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

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

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

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

The operating expenses are divided into:

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

10. New standards and interpretations

New standards, changes in the binding standards and interpretations, which came into effect on 1st January 2023 and 2024:

- **Amendments to IFRS 16 "Leasing":** Covid-19-Related Rent Concessions (effective for annual periods beginning from 01.06.2021);
- **Amendments to IFRS 3 „Business Combinations”,** definition of a business (applicable to mergers where the acquisition date falls at the beginning of the first annual period starting from 01.01.2022 and to acquisition of assets that took place on or after the commencement date of the above-mentioned annual period).
- **Amendments to IAS 16 "Property, Plant and Equipment":** revenues recognized before transfer of a fixed asset to fixed assets in use.
- **Amendments to IAS 37 "Provisions, Contingent Liabilities and Contingent Assets".** Amendments to IAS 37 provide clarification on the costs that an entity considers when analyzing whether a contract is onerous. The change is effective for the financial statements for the period commencing on 01.101.2022 or later on.
- **Amendments to various standards as part of "IFRS Annual Improvements cycle 2018–2020"** (effective for annual periods beginning on or after January 1st 2022).

New standards, changes in the binding standards and interpretations, which came into effect on 1st January 2023 and 2024:

- **IFRS 17 "Insurance contracts"** with subsequent amendments to IFRS 17.
- **Amendments to IAS 1 "Presentation of financial statements"** The changes pertain to the definition of material disclosures related to accounting policy, which has been defined in the standard.
- **Amendments to IAS 8 "Accounting policies, changes in accounting estimates and errors".** The changes relate to definition of estimates.

- **Amendments to IAS 12 "Income tax"** – deferred tax related to assets and liabilities arising from a single transaction. Before amendment to the standard, there were ambiguities as to whether the recognition of equal amounts of assets and liabilities for accounting purposes (e.g. initial recognition of a lease) without affecting current tax settlements results in the need to recognize deferred tax balances or whether the so-called exemption from initial recognition, which says that deferred tax balances are not recognized if the recognition of an asset or liability has no effect on the accounting or tax result at the time of recognition. The amended IAS 12 regulates this issue by requiring the recognition of deferred tax in the above situation by introducing an additional provision that the exemption from initial recognition does not apply if the entity simultaneously recognizes an asset and an equivalent liability and each of them creates temporary differences.
- **Amendments to IAS 1 "Presentation of Financial Statements"**: classification of liabilities as current or non-current and classification of liabilities as current.
- **Amendment to IFRS 16 "Leasing"** – lease liabilities during the sale and lease back.
- **Amendment to IAS 7 "Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures"** – suppliers finance arrangements.

New standards, changes in the binding standards and interpretations, approved by RMSR which came into effect on 1st January 2025:

- **Amendment to IAS 21 "The Effects of Changes in Foreign Exchange Rates"** lack of exchangeability.

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

III. NOTES TO THE FINANCIAL STATEMENTS

Note 1: Changes in the fixed assets by type group

For the period from 1.01 to 31.12.2023	Buildings, premises and civil and water engineering structures, investments in fixed assets	Technical equipment and machines	Vehicles	Other fixed assets	Fixed assets in progress	Total
Gross value as of 01.01.2023	115	3,380	701	163	-	4,359
Increases:	-	661	-	-	-	661
- acquisition	-	661	-	-	-	661
- transfer	-	-	-	-	-	-
- other	-	-	-	-	-	-
Decreases:	-	(6)	-	-	-	(6)
- liquidation	-	(2)	-	-	-	(2)
- transfer	-	-	-	-	-	-
- other	-	(4)	-	-	-	(4)
Gross value as of 31.12.2023	115	4,035	701	163	-	5,014
Cumulated depreciation	31	2,078	669	53	-	2,831
Increases:	25	729	32	32	-	818
- depreciation	25	729	32	32	-	818
- transfer	-	-	-	-	-	-
Decreases:	-	(2)	-	-	-	(2)
- liquidation, sale	-	(2)	-	-	-	(2)
- other	-	-	-	-	-	-
Cumulated depreciation as of 31.12.2023	56	2,805	701	85	-	3,647
Net value						
As of 01.01.2023	84	1,302	32	110	-	1,528
As of 31.12.2023	59	1,230	-	78	-	1,367

For the period from 1.01 to 31.12.2022	Buildings, premises and civil and water engineering structures	Technical equipment and machines	Vehicles	Other fixed assets	Fixed assets in progress	Total
Gross value as of 01.01.2022	115	3,472	856	182	-	4,625
Increases:	-	585	-	-	-	585
- acquisition	-	585	-	-	-	585
- transfer	-	-	-	-	-	-
- other	-	-	-	-	-	-
Decreases:	-	(677)	(155)	(19)	-	(851)
- liquidation	-	(551)	(155)	(19)	-	(725)
- transfer	-	-	-	-	-	-
- other	-	(126)	-	-	-	(126)
Gross value as of 31.12.2022	115	3,380	701	163	-	4,359
Cumulated depreciation	6	2,141	664	40	-	2,851
Increases:	25	606	160	32	-	823
- depreciation	25	606	160	32	-	823
- transfer	-	-	-	-	-	-
Decreases:	-	(669)	(155)	(19)	-	(843)
- liquidation, sale	-	(543)	(155)	(19)	-	(717)
- other	-	(126)	-	-	-	(126)
Cumulated depreciation as of 31.12.2022	31	2,078	669	53	-	2,831
Net value						
As of 01.01.2022	109	1,331	192	142	-	1,774
As of 31.12.2022	84	1,302	32	110	-	1,528

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

For the period from 01.01 to 31.12.2023	Costs of completed development projects	Costs of development projects work in progress	Rights to press titles, Rights to distribution	Other intangible assets	Intangibles in progress	Total
Gross value as of 01.01.2023	208,518	139,154	5,985	1,849	2,058	357,564
increases:	163,746	79,842	-	-	1,977	245,565
- acquisition	-	-	-	-	1,977	1,977
- transfer	163,746	-	-	-	-	163,746
- produced internally	-	79,842	-	-	-	79,842
decreases:	-	(163,746)	-	-	-	(163,746)
- liquidation	-	-	-	-	-	-
- transfer	-	(163,746)	-	-	-	(163,746)
- impairment allowance	-	-	-	-	-	-
- other	-	-	-	-	-	-
Gross value as of 31.12.2023	372,264	55,250	5,985	1,849	4,035	439,383
Cumulated amortization as of 01.01.2023	200,650	-	3,053	1,817	-	205,520
increases:	63,337	-	1,789	30	-	65,156
- amortization	63,337	-	1,789	30	-	65,156
decreases:	-	-	-	-	-	-
- liquidation	-	-	-	-	-	-
- other	-	-	-	-	-	-
Cumulated amortization as of 31.12.2023	263,987	-	4,842	1,847	-	270,676
NBV:						
As of 31.12.2023	7,868	139,154	2,932	32	2,058	152,044
As of 31.12.2023	108,277	55,250	1,143	2	4,035	168,707

For the period from 01.01 to 31.12.2022	Costs of completed development projects	Costs of development projects work in progress	Rights to press titles, Rights to distribution	Other intangible assets	Intangibles in progress	Total
Gross value as of 01.01.2022	209,545	62,495	5,985	2,166	276	280,467
increases:	-	76,672	-	14	1,782	78,468
- acquisition	-	-	-	14	1,782	1,796
- transfer	-	932	-	-	-	932
- produced internally	-	75,740	-	-	-	75,740
decreases:	(1,027)	(13)	-	(331)	-	(1,371)
- liquidation	-	(13)	-	(331)	-	(344)
- transfer	-	-	-	-	-	-
- impairment allowance	-	-	-	-	-	-
- other	(1,027)	-	-	-	-	(1,027)
Gross value as of 31.12.2022	208,518	139,154	5,985	1,849	2,058	357,564
Cumulated amortization as of 01.01.2022	196,337	-	1,146	2,024	-	199,507
increases:	5,340	-	1,907	124	-	7,371
- amortization	5,340	-	1,907	124	-	7,371
decreases:	(1,027)	-	-	(331)	-	(1,358)
- liquidation	-	-	-	(331)	-	(331)
- other	(1,027)	-	-	-	-	(1,027)
Cumulated amortization as of 31.12.2022	200,650	-	3,053	1,817	-	205,520
NBV:						
As of 01.01.2022	13,208	62,495	4,839	142	276	80,960
As of 31.12.2022	7,868	139,154	2,932	32	2,058	152,044

In the table above, in "Other" item, there was adjustment of the gross values (decrease by PLN 1,027 thousand) and cumulated amortization (decrease by 1,027 thousand) of the costs of completed development works. This adjustment results from the fact that liquidation costs of completed works were not included in the notes to financial statement in the previous years.

Note 3: Right-to-use asset

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

For the period from 01.01 to 31.12.2023	Contract for lease of office space
Gross value as of 01.01.2023	4,971
increases:	-
- conclusion of a new contract	-
Decreases	(261)
- revaluation of the acquisition value	(261)
- end of contract	-
Gross value as of 31.12.2023	4,710
Cumulated amortization as of 01.01.2023	1,574
increases:	860
- amortization	860
decreases:	-
- end of contract	-
Cumulated amortization	2,434
Net value	
As of 01.01.2023	3,397
As of 31.12.2023	2,276

For the period from 01.01 to 31.12.2022	Contract for lease of office space
Gross value as of 01.01.2022	4,971
Increases:	-
- conclusion of a new contract	-
Decreases	-
- revaluation of the acquisition value	-
- end of contract	-
Gross value as of 31.12.2022	4,971
Cumulated amortization as of 01.01.2022	580
increases:	994
- amortization	994
decreases:	-
- end of contract	-
Cumulated amortization	1,574
Net value	
As of 01.01.2022	4,391
As of 31.12.2022	3,397

As of 31.12.2023 Right-to-use asset related to the office rental contract concluded for 60 months. Amortization of this asset started at the rental's commencement.

Note 4: Short-term investments

Other short-term investments	as of 31.12.2023 PLN'000	as of 31.12.2022 PLN'000
Other short term investments	-	346
Total loans	-	346

As of 31.12.2022 short-term investments forward contracts for the USD sales in the amount of PLN 346 thousand.

Note 5: Deferred tax asset and liability

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

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

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

DEFERRED TAX	as of 31.12.2023	as of 31.12.2022
	PLN'000	PLN'000
Deferred tax assets		
Opening value	1,017	3,643
Including assets compared to the financial result	(1,017)	(3,643)
Increases recognised in financial result	14,638	1,017
Cost provision	497	68
Provision for returns	2,546	118
Exchange differences	691	33
Tax losses	8,974	217
Difference between the balance-sheet and tax value	615	219
Motivational plan bookings	1,133	362
Other	13	-
Decreases compared to the financial result	(1,017)	(3,643)
Closing value	14,638	1,017
Deferred tax provisions		
Opening value	1,861	2,914
Including assets compared to the financial result	(1,861)	(2,914)
Increases compared to the financial result	21,694	1,861
Exchange differences	86	102
Difference between the balance-sheet and tax value of tangible fixed assets	21,175	1,622
Difference between the balance-sheet and tax value of right-to-use asset	433	128
Other	-	9
Decreases compared to the result	(1,861)	(2,914)
Closing value	21,694	1,861

Note 6: Inventory – structure and ageing

INVENTORIES	as of 31.12.2023	as of 31.12.2022
	PLN'000	PLN'000
Materials	590	404
Finished products	3,217	1,941
Goods	-	-
Total gross inventories	3,807	2,345
Impairment allowance	(2,305)	(1,174)
Total net inventories	1,502	1,171

INVENTORIES - AGING	as of 31.12.2023	as of 31.12.2022
	PLN'000	PLN'000
0 - 90 days	1388	401
91 - 180 days	692	222
181 - 360 days	231	250
above 360 days	1,496	1,472
Impairment allowance	(2,305)	(1,174)
Total net inventories	1,502	1,171

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

Note 7: Long term receivables

Long term trade and other receivables	as of 31.12.2023 PLN'000	as of 31.12.2022 PLN'000
Other long term receivables		
Securities and deposits	528	480
Other long prepayments	10	-
Trade and other long term receivables	538	480

Securities and deposit relates to a deposit for an office rental.

Note 8: Trade and other receivables

Short term trade and other receivables	as of 31.12.2023 PLN'000	as of 31.12.2022 PLN'000
Trade receivables from related entities	-	-
Trade receivables from other entities	48,351	7,999
up to 12 months	48,351	7,999
above 12 months	-	-
Trade receivables	48,351	7,999
Impairment allowance for trade receivables	(1,062)	(342)
Net trade receivables	47,289	7,657
Advance payments granted	88	79
Other short term receivables		
Tax receivables (excluding income tax)	2,494	2,751
Other settlements with employees	79	10
Securities and deposits	708	147
Other settlements	2	813
Prepayments		
Insurance	156	148
License	1,148	253
Costs of games' porting on platforms	293	293
Other prepayments	5	91
Other short term receivables	4,885	4,506
Trade and other short term receivables	52,262	12,242

As of 31.12.2023 r. Other assets comprised of the following items:

- Tax receivables (PLN 2,494 thousand) includes mainly VAT receivables;
- Deposits (PLN 708 thousand) includes mainly deposit placed with an employment agency providing employees.

- Prepayments included mainly costs programming licenses and subscription fees with access to applications (PLN 1,148 thousand) and porting costs of games on the new platforms in United Label S.A.

RECEIVABLES - AGING	as of 31.12.2023	as of 31.12.2022
	PLN'000	PLN'000
current	27,875	6,163
overdue:	20,476	1,836
1 - 30 days	5,190	810
31 - 90 days	13,562	319
91 - 180 days	209	244
above 180 days	1,515	463
Impairment allowance	(1,062)	(342)
Net trade receivables	47,289	7,657

(NET) RECEIVABLES - CURRENCY STRUCTURE	as of 31.12.2023	as of 31.12.2022
PLN	27	537
EUR	3,313	618
GBP	587	16
USD	7,604	934
SEK	-	38
CZK	1	48

Note 9: Corporate income tax receivables and liability

Corporate income tax balances	as of 31.12.2023	as of 31.12.2022
	PLN'000	PLN'000
Corporate income tax receivables	-	-
Corporate income tax receivables	3,471	418
Corporate income tax liability	-	-
Corporate income tax liability	123	66

As of 31.12.2023, tax receivables included current corporate income tax receivables related to calculation of corporate tax for 2023.

Note 10: Cash and cash equivalent

CASH AND CASH EQUIVALENTS	as of 31.12.2023	as of 31.12.2022
	PLN'000	PLN'000
Bank accounts	30,233	6,608
VAT dedicated bank account	-	6
Cash in hand	-	4
Total cash and cash equivalents	30,233	6,618

Note 11: Share capital of Dominant entity

As of 31.12.2023, share capital comprised of nine series of shares issued at the following terms:

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

Note 12: Share premium account of the Dominant Entity

SHARE SERIES	NUMBER	SURPLUS
B - ordinary bearer / paid	400,000	36
C - ordinary bearer / paid	25,000,000	22,250
D - ordinary bearer / paid	1,100,000	99
E - ordinary bearer / paid	12,649,990	11,259
G - ordinary bearer / paid	11,000,000	24,860
F - ordinary bearer / paid	960,000	663
H - ordinary bearer / paid	10,833,025	9,641
I - ordinary bearer / paid	21,000,000	24,990
TOTAL	82,943,015	93,798
Decrease due to costs of issue of series C		(1,829)
Decrease due to costs of issue of series E		(285)
Transfer to reserve capital		(16,000)
Decrease due to costs of issue of series G		(416)
Decrease due to costs of issue of series F		(49)
Decrease due to costs of issue of series H		(470)
Decrease due to costs of issue of series I		(265)
As of 31.12.2023		74,484

SHARE CAPITAL - STRUCTURE	Number of shares	% of votes
Marek Tymiński	53,083,570	29.02%
Active Ownership Fund Sicav-FIS SCS	36,618,931	20.02%
Other shareholders	93,240,514	50.96%
All shareholders in total	182,943,015	100%

Note 13: Other reserve capital

Other reserve capital comprises of: "Reserve capital for purchase own shares", "Reserve capital", "Motivational Plan", "Foreign exchange differences from translations" and "Issuance of convertible bonds".

The amount of reserve capital for purchase of treasury shares as of 31.12.2023 amounted to PLN 16,000,000 (31.12.2022: PLN 16,000,000). General Meeting of CI Games S.A. of 08.11.2010 in association with a resolution passed on the same day on approval of purchase by the Company of treasury shares. The capital was established by transfer from supplementary capital of the Company of

amounts, which in accordance with art. 348 par. 1 of the Code of Commercial Companies may be distributed among the shareholders.

As of 31.12.2023 the balance resulting from accounting for motivational plan amounts to PLN 5 963 thousand and the balance related to issuance of convertible bonds for shares in the amount of PLN 485 thousand.

Note 14: Retained profits

The Ordinary General Meeting of Shareholders of CI Games S.E dated 29.06.2023 passed a resolution to allocate profit earned in 2022 in the amount of PLN 7,135,302.16 in the following way: amount of PLN 7,135,000 (seven million one hundred thirty five thousand zloty) to supplementary capital.

Recommendations for net profit distribution for 2023: The Management Board of CI Games recommends to transfer net profit from 2023 to the supplementary capital.

Note 15: Motivational program based on the share plan control system for 2021-2023

Motivational program based on share-base payment is described in the Management Report (Chapter V, point 6). In accordance with IFRS 2, the Company recognizes recognise share-based payment transactions in its financial statements, including transactions with employees or other parties to be settled in equity instruments of the entity.

Realization of the program for 2021-2023 dependent on the achievement one of the following two specific targets, depending on whichever is reached first:

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

On 29.09.2023, the Management Board and Supervisory Board of the Company adopted executive resolutions on the final verification of the objectives of the Incentive Program aimed at key employees and coworkers of the CI Games Group, including members of the Management Board of CI Games SE, the determination of the final list of eligible employees and coworkers of the Company to participate in the Incentive Program and the granting of subscription warrants, in which it was stated that the CI Games Group achieved a total net profit for the fiscal years 2021-2022 of 46. 918,000; therefore, Target 1 of the Incentive Program, i.e., CI Games Capital Group's total net profit for fiscal years 2021-2022, has been achieved, and the Company is entitled to grant a total of 10,061,865 Series C subscription warrants.

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

review the estimated number of equity instruments and realisation of non-market performance conditions (i.e. continuance of the employment).

As of 31.12.2023, the amount of allotted warrants was 7,458,559 – i.e. the number adjusted by the leavers, new persons assigned to the program and additional warrants granted to persons, who have been already participants of this program. Recognition of this program in the financial statement in the period 2023 was as follows:

Share-based program	01.01.2022- 31.12.2023	01.01.2023- 31.12.2023
	PLN'000	tys. zł
Costs of products sold	1,667	1,667
Selling costs	1,402	1,402
General and administration costs	1,415	1,415
Operating costs	4,484	4,484
Derecognition of the warrants costs of the leavers in the audited period (it relates to warrants allotted in 2022 and 2023)	(1,479)	(1,479)
	as of 31.12.2023	na dzień 31.12.2023
Reserve capital - cost of incentive program	5,963	5,963

Note 16: Laon liabilities and financial debt instruments

Liabilities from loans and other debt instruments	as of 31.12.2023	as of 31.12.2022
	PLN'000	PLN'000
Multi-purpose overdraft limit	15,941	18,575
Non-renewable credit facility	14,998	-
Convertible bonds series F	26,729	-
Credit cards	82	-
Total liabilities from loans and debt instruments	57,750	18,575

As of 31.12.2023, the loan balance comprised of the following items:

- multi-purpose overdraft limit up to PLN 29 mln (utilized PLN 15,941 thousand as of 31.12.2023) in PKO BP S.A. The loan was repaid and limit closed on 31.01.2024.
- non-renewable credit facility of PLN 20 mln (utilized PLN 14,988 thousand as of 31.12.2023) used for the production of "Lords of the Fallen" in PKO BP S.A.; The loan was repaid and limit closed on 02.01.2024
- credit cards balance.

As of 31.12.2023, the bonds balance comprised of :

- present value of convertible bonds series F recognized in line with IFRS 9 (details related to the bonds issuance are further described in the Management Report Chapter V, point 7);

Note 17: Financial lease liabilities

Finance lease liability	as of 31.12.2023	as of 31.12.2022
	PLN'000	PLN'000
Liabilities due to financial lease - the short-term component	1,025	1,219
Liabilities due to financial lease - the long-term component	1,359	2,783
TOTAL	2,384	4,002

Finance lease liabilities relate to the implementation of IFRS 16 and recognition of the asset and liability resulting from the office rental agreement.

Note 18: Trade and other liabilities

LIABILITIES - STRUCTURE	as of 31.12.2023	as of 31.12.2022
	PLN'000	PLN'000
Trade liabilities to related entities	60	36
Trade liabilities to other entities	27,731	8,515
up to 12 months	27,731	8,515
above 12 months	-	-
Trade liabilities	27,791	8,551
Tax liabilities excluding corporate income tax	1,767	1,253
Other financial liabilities	-	-
Other liabilities	82	118
Trade liabilities	1,849	1,371
Deferred income	-	1,719
Total short term trade and other liabilities	29,640	11,641

LIABILITIES - CURRENCY STRUCTURE	as of 31.12.2023	as of 31.12.2022
	PLN'000	PLN'000
PLN	2,093	750
EUR	3,280	723
GBP	496	477
USD	2,242	428
SEK	342	-

LIABILITIES - AGING	as of 31.12.2023	as of 31.12.2022
	PLN'000	PLN'000
Current	11,667	5,232
overdue:	16,124	3,319
1 - 30 days	6,183	294
31 - 90 days	9,500	2,327
91 - 180 days	220	165
above 180 days	221	533
Trade liabilities	27,791	8,551

Note 19: Other short term provisions

OTHER PROVISIONS	as of 31.12.2023	as of 31.12.2022
	PLN'000	PLN'000
Provisions for audit of balance sheet	162	168
Provisions for non-invoiced costs	746	425
Provisions for unused holidays	114	96
Other provisions	2,103	210
Total other short-term provisions	3,125	899

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

As of 31.12.2023 Other provisions included mainly provision for employees' bonuses related to 2023.

Note 20: Financial assets and liabilities - classification and valuation

Financial assets and liabilities - classification and measurement	as of 31.12.2023	as of 31.12.2022
	PLN'000	PLN'000
Financial assets valued according to amortized cost		
Trade receivables	47,289	7,657
Cash and cash equivalents	30,233	6,618
Financial assets valued according to fair value		
Unlisted stocks and shares	-	-
Other financial assets	-	346
Total financial assets	77,522	14,621
Financial liabilities are measured at amortized cost		
Trade liabilities	27,791	8,551
Loan liabilities	57,750	18,575
Financial liabilities	2,384	4,002
Financial liabilities valued according to fair value		
Other financial liabilities	-	-
Total financial liabilities	87,925	31,128

Upon analysis of individual classes of financial instruments, the Management Board decided that the balance sheet value of instruments did not depart significantly from their fair value both on 31.12.2023 and 31.12.2022.

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

Credit risk

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

At present, the Group applies no insurance for trade receivables. The risk of impairment of these financial instruments is secured by cooperation with business partners in a stable financial condition and ongoing monitoring of this cooperation. Products of the Company are distributed by a world corporations, who settle their liabilities on time. There are no material delays in settlements of the Company's receivables.

The currency risk

The Group conducts global activity generating revenues in two main currencies: Euro and American dollars, while the costs are incurred mainly in Euro, American dollars, Polish zloty and British pound. Consequently, the currency risk exists that future cash flows from operations may fluctuate as the result of changes in exchange rates of currencies.

The parent entity secures itself against the foreign currency risk by trying to match currency structure of its receivables to its liabilities in these currencies, however, the currency risk is not fully eliminated. CI Games has an overdraft facility which can be drawn in EUR and in PLN, which gives some flexibility and partially decreases currency risk.

As of 31.12.2022, the Company had open forward contracts for sales of USD 900 thousand with the execution term of January – March 2023. As of 31.12.2023, the Company or the Group did not have open forward contracts.

Interest rate risk

The interest rates depended on LIBOR and WIBOR interbank rates and thus on the risk of interest rates of the entire economic systems. The Company is exposed to this risk, as of the date of this report, it had loans, which interest depend on the LIBOR and WIBOR.

The Company does not apply hedging against this type of risk due to the short-term nature of the bank loans.

Sensitivity analysis

The table below presents the impact of a change by 10% of the exchange rates of EUR, USD and GBP on the balance of receivables, liabilities and cash as of 31.12.2023.

Liquidity risk

Management of the liquidity of the Group is managed by CI Games, who prepares a few years financial forecasts. Financial forecasts take into account seasonality of business connected with the dates of new games releases and impact of seasonality on the operating cash flow, variable levels of working capital and financing needs related to games' production.

The Company financing its activity from a bank overdraft facility up to PLN 29m and a bank loan (concluded on 27.03.2023) dedicated to financing production and marketing of *Lords of the Fallen* up to PLN 20m. As of the release date of this report, both loans were repaid. On 10.04.2024, the Company signed a new loan agreement with PKO BP SA for overdraft limit up to PLN 15 million (details in Note 37).

Note 21: Information about operational segments

The basic segments of Group's activity are the production and sales of own games and publishing activity commenced in the second half of year 2018 by United Label S.A. The tables below present:

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

31.12.2023	CI GAMES GRUPA	UNITED LABEL	Consolidation eliminations	Total
A. Non-current assets	182,275	5,379	(128)	187,526
Property, plant and equipment	1,359	8	-	1,367
Intangible assets	163,529	5,206	(28)	168,707
Right-to-use asset	2,276	-	-	2,276
Long term investments	100	-	(100)	-
Deferred tax asset	14,473	165	-	14,638
Long term receivables	538	-	-	538
B. Current assets	83,457	4,963	(952)	87,468
Inventory	1,502	-	-	1,502
Current investments	-	-	-	-
Trade and other receivables	51,988	1,226	(952)	52,262
Tax receivables	3,328	143	-	3,471
Cash and cash equivalents	26,639	3,594	-	30,233
Current assets other than assets or disposal classified as held for sales or as held for distribution to owners	83,457	4,963	(952)	87,468
Non-current assets classified as held for sale or as held for distribution to owners	-	-	-	-
Total assets	265,732	10,342	(1,080)	274,994

31.12.2023	CI GAMES GRUPA	UNITED LABEL	Consolidation eliminations	Total
A.	151,292	9,114	(128)	160,278
Share capital	1,829	128	(128)	1,829
Share premium	74,484	4,169	-	78,653
Other reserve capital	22,316	-	-	22,316
Retained earnings	50,010	4,817	(28)	54,799
including profit for the period	12,726	351	(30)	13,047
Equity attributable to owners of the Parent	148,639	9,114	(156)	157,597
Equity attributable to non-controlling interests	2,653	-	28	2,681
B. LIABILITIES	114,440	1,228	(952)	114,716
Non-current liabilities	23,053	-	-	23,053
Loans, credit and other debt instruments	-	-	-	-
Finance lease liabilities	1,359	-	-	1,359
Deferred income tax provision	21,694	-	-	21,694
Current liabilities	91,387	1,228	(952)	91,663
Borrowings including credits, loans and other debt instruments	57,749	1	-	57,750
Income tax liabilities	123	-	-	123
Trade liabilities and other liabilities	29,399	1,193	(952)	29,640
Finance lease liabilities	1,025	-	-	1,025
Other current provisions	3,091	34	-	3,125
Current liabilities other than liabilities included in disposal groups classified as held for sale	91,387	1,228	(952)	91,663
Liabilities included in disposal groups classified as held for sale	-	-	-	-
Total equity and liabilities	265,732	10,342	(1,080)	274,994

2023

CI GAMES GRUPA

UNITED LABEL

Consolidation
eliminations

Total

Continuing operations				
Net revenue from sales	238,202	7,490	(709)	244,983
Costs of products, goods and services sold	(103,835)	(4,743)	20	(108,558)
Gross profit (loss) on sales	134,367	2,747	(689)	136,425
Other operating revenues	976	-	(29)	947
Selling costs	(85,539)	(1,098)	730	(85,907)
General and administrative costs	(16,418)	(785)	-	(17,203)
Other operating expenses	(1,299)	(4)	29	(1,274)
Impairment loss/impairment gain and reversal of impairment loss	(1,499)	-	-	(1,499)
Profit (loss) on operating activities	30,588	860	41	31,489
Financial revenues	-	-	-	-
Financial expenses	(5,147)	(58)	-	(5,205)
Profit (loss) before tax	25,441	802	41	26,284
Income tax	(11,366)	(451)	-	(11,817)
Profit (loss) on continuing operations	14,075	351	41	14,467
Discontinued operations	-	-	-	-
Loss from discontinued operations	-	-	-	-
Net profit (loss)	14,075	351	41	14,467
- net profit (loss) attributable to equity owners of the Parent	12,736	351	(40)	13,047
- net profit (loss) attributable to non-controlling interest	1,420	-	-	1,420

31.12.2022

CI GAMES GRUPA

UNITED LABEL

Consolidation
eliminations

Total

A. Non-current assets	153,356	5,277	(167)	158,466
Property, plant and equipment	1,528	-	-	1,528
Intangible assets	147,054	5,057	(67)	152,044
Right-to-use asset	3,397	-	-	3,397
Long term investments	100	-	(100)	-
Deferred tax asset	797	220	-	1,017
Long term receivables	480	-	-	480
B. Current assets	19,569	5,616	(4,390)	20,795
Inventory	1,171	-	-	1,171
Current investments	346	-	-	346
Trade and other receivables	11,398	5,234	(4,390)	12,242
Tax receivables	299	119	-	418
Cash and cash equivalents	6,355	263	-	6,618
Current assets other than assets or disposal classified as held for sales or as held for distribution to owners	19,569	5,616	(4,390)	20,795
Non-current assets classified as held for sale or as held for distribution to owners	-	-	-	-
Total assets	172,925	10,893	(4,557)	179,261

31.12.2022	CI GAMES GRUPA	UNITED LABEL	Consolidation eliminations	Total
A.	133,622	8,763	(168)	142,217
Share capital	1,829	128	(128)	1,829
Share premium	74,484	4,169	-	78,653
Other reserve capital	18,203	-	-	18,203
Retained earnings	37,730	4,466	(68)	42,128
including profit for the period	6,960	1,185	51	8,196
Equity attributable to owners of the Parent	132,246	8,763	(196)	140,813
Equity attributable to non-controlling interests	1,376	-	28	1,404
B. LIABILITIES	39,303	2,130	(4,389)	37,044
Non-current liabilities	4,638	6	-	4,644
Loans, credit and other debt instruments	-	-	-	-
Finance lease liabilities	2,783	-	-	2,783
Deferred income tax provision	1,855	6	-	1,861
Current liabilities	34,665	2,124	(4,389)	32,400
Borrowings including credits, loans and other debt instruments	18,575	-	-	18,575
Income tax liabilities	66	-	-	66
Trade liabilities and other liabilities	13,936	2,094	(4,389)	11,641
Finance lease liabilities	1,219	-	-	1,219
Other current provisions	869	30	-	899
Current liabilities other than liabilities included in disposal groups classified as held for sale	34,665	2,124	(4,389)	32,400
Liabilities included in disposal groups classified as held for sale	-	-	-	-
Total equity and liabilities	172,925	10,893	(4,557)	179,261

2022	CI GAMES GRUPA	UNITED LABEL	Consolidation eliminations	Total
Continuing operations				
Net revenue from sales	49,686	8,199	(1,191)	56,694
Costs of products, goods and services sold	(11,358)	(5,097)	506	(15,949)
Gross profit (loss) on sales	38,328	3,102	(685)	40,745
Other operating revenues	175	1	(30)	146
Selling costs	(15,615)	(1,018)	736	(15,897)
General and administrative costs	(15,449)	(897)	-	(16,346)
Other operating expenses	(777)	(1)	30	(748)
Impairment loss/impairment gain and reversal of impairment loss	(82)	-	-	(82)
Profit (loss) on operating activities	6,580	1,187	51	7,818
Financial revenues	3,767	244	-	4,011
Financial expenses	(432)	(12)	-	(444)
Profit (loss) before tax	9,915	1,419	51	11,385
Income tax	(2,577)	(234)	-	(2,811)
Profit (loss) on continuing operations	7,338	1,185	51	8,574
Discontinued operations	-	-	-	-
Loss from discontinued operations	-	-	-	-
Net profit (loss)	7,338	1,185	51	8,574
- net profit (loss) attributable to equity owners of the Parent	6,960	1,185	51	8,196
- net profit (loss) attributable to non-controlling interest	379	-	-	379

Note 22: Net revenues from sales of products

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

The sales structure of the Groups' products in value terms:

Sales structure	2023	2022
Consoles	69%	63%
PC	31%	37%

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

Revenues	2023	Share (%)	2022	Share (%)
Sales of physical products	60,077	25%	5,668	10%
Digital Sales	184,224	75%	50,620	89%
Other sales	682	-	406	1%
Total	244,983	100%	56,694	100%

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

Revenues	2023	2022
Export	244,552	56,795
<i>share (%)</i>	<i>100%</i>	<i>100%</i>
Domestic	431	(101)
<i>share (%)</i>	<i>-</i>	<i>-</i>
Total	244,983	56,694

Note 23: Costs by type

COSTS ACCORDING TO TYPE	for the period from 1.01 to 31.12.2023	for the period from 1.01 to 31.12.2022
	PLN'000	PLN'000
Amortization	66,127	8,213
Consumption of materials and energy	1,079	784
External services	99,207	28,722
Taxes and charges	364	117
Employee benefits	8,944	6,800
Other costs	13,789	1,339
Costs according to type	189,510	45,975
Selling costs	(85,907)	(15,896)
General and administration costs	(17,203)	(16,346)
Value of products sold	22,158	2,216
Cost of products sold	108,558	15,949

EMPLOYEES BENEFITS	for the period from 1.01 to 31.12.2023	for the period from 1.01 to 31.12.2022
	PLN'000	PLN'000
Payroll	7,974	5,941
Social insurance	442	440
Other employees benefits	528	419
Total employees benefits	8,944	6,800

Nota 24: Other operating revenues

OTHER OPERATING REVENUE	for the period from 1.01 to 31.12.2023	for the period from 1.01 to 31.12.2022
	PLN'000	PLN'000
Written-off liabilities	-	10
Re-invoicing	43	79
Stocktaking differences	5	3
Other	898	1
Total other operating revenues	947	146

Nota 25: Other operating costs

OTHER OPERATING EXPENSES	for the period from 1.01 to 31.12.2023	for the period from 1.01 to 31.12.2022
	PLN'000	PLN'000
Impairment loss on inventories	1,131	602
Liquidation of inventories and fixed assets	42	7
Written-off receivables	4	18
Re-invoicing	40	76
Legal costs	43	-
Other	14	45
Total other operating costs	1,274	748

In 2021, impairment loss on intangibles related to older mobile games – this is a non cash item, which does not have impact on the cash flow of the Company.

Note 26: Impairment loss/gain and reversal of impairment loss

IMPAIRMENT LOSS/GAIN AND REVERSAL OF IMPAIRMENT LOSS	for the period from 1.01 to 31.12.2023	for the period from 1.01 to 31.12.2022
	PLN'000	PLN'000
Reversal of impairment allowance for receivables	133	3
Impairment allowance for receivables	(1,632)	(85)
Impairment loss/ gain and reversal of impairment loss	(1,499)	(82)

Note 27: Finance revenues

FINANCIAL REVENUES	for the period from 1.01 to 31.12.2023	for the period from 1.01 to 31.12.2022
	PLN'000	PLN'000
Positive net exchange rate differences	-	3,561
Other	-	450
Total financial revenue	-	4,011

Note 28: Finance costs

FINANCIAL EXPENSES	for the period from 1.01 to 31.12.2023	for the period from 1.01 to 31.12.2022
	PLN'000	PLN'000
Interest charged	2,837	237
Negative net exchange rate differences	1,443	-
Commission fees and other charges	925	206
Other finance costs	-	1
Total financial expenses	5,205	444

Note 29: Income tax

INCOME TAX	for the period from 1.01 to 31.12.2023	for the period from 1.01 to 31.12.2022
	PLN'000	PLN'000
Gross profit (loss)	26,284	11,386
Current income tax	1,696	(478)
Withholding tax paid abroad	(7,301)	(2,094)
Corrections related to the previous year	-	396
Deferred tax:	(6,212)	(635)
Decrease/increase in the deferred tax asset	13,621	(1,688)
Decrease/increase the provision for deferred tax	(19,833)	1,053
Total income tax included in the profit and loss account	(11,817)	(2,811)
Net profit (loss)	14,467	8,575
<i>Effective tax rate</i>	<i>45.0%</i>	<i>24.7%</i>

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.
- Withholding tax paid abroad relates to deducted withholding tax by the customers of the Company.
- Corrections related to the previous years relate to final corporate income tax for 2022 filed after release of the annual report.

- 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. As of 31.12.2023, deferred tax of the Group comprised of the following items:
 - increase of the deferred tax asset balance by the amount of PLN 13,621 thousand created on the tax losses and the creation of the respective deferred tax asset; and
 - increase of the deferred tax provision balance by the amount of PLN 19,833 thousand, resulting mainly from the difference between the tax and book value of development works.

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

Note 30: Financial instruments

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

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

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

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

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

Note 31: Earnings per share

Earnings per share	2023	2022
	PLN'000	PLN'000
Basic earnings /loss per share (PLN)	0.07	0.04
from continued operations	0.07	0.04
from discontinued operations	-	-
Diluted earnings/loss per share (PLN)	0.07	0.04
from continued operations	0.07	0.04
from discontinued operations	-	-
Weighted average number of shares (thousands)	182,943	182,943
Weighted average diluted number of shares (thousands)	185,962	185,872

The consolidated net profit of CI Games Capital Group per one share outstanding as of 31.12.2023 (number of shares was calculated as weighted average number of shares being traded in 2023) is PLN 0.07.

In 2022 the weighted average number of shares was adjusted for a dilution effect of subscription warrants allotted to key employees included in the motivational program. As of 31.12.2023, number of

allotted shares amounted to 7,458,000. In the first quarter of 2024, new warrants in the amount of 489,000 was allotted with the realization date until the end of 2024.

Note 32: Transactions with related parties

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

Transactions in 2023 and balances as of 31.12.2023	COSTS*	REVENUES	RECEIVABLES	LIABILITIES
Entity	PLN'000	PLN'000	PLN'000	PLN'000
CI Games USA Inc.	83	24,937	18,165	26
Business Area Sp. z o.o.	9	1	-	-
Business Area Sp. z o.o. Sp.J.	55	13	3	-
CI Games S.A. Sp. J.	-	1	-	191
United Label S.A.	6,784	759	127	825
CI Games UK Limited	10,362	-	-	1,157
CI Games Bucharest Studio SRL	906	-	-	60
CI Games Mediterranean Projects SL	59,715	100	-	6,269
TOTAL	77,914	25,811	18,295	8,528

*including capitalised costs

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 in 2023 and balances as of 31.12.2023	COSTS	REVENUES	RECEIVABLES	LIABILITIES
Entity	PLN'000	PLN'000	PLN'000	PLN'000
Fine Dining Sp. z o.o.	-	-	32	-
TOTAL	-	-	32	-

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

Transactions in 2023 and balances as of 31.12.2023	COSTS	REVENUES	RECEIVABLES	LIABILITIES
Entity	PLN'000	PLN'000	PLN'000	PLN'000
Marek Tymiński	753	-	-	55
Niewińska Katarzyna	30	-	-	-
TOTAL	783	-	-	55

Transactions with Marek Tymiński, President of the Board, included commission (PLN 693 thousand) related to placing his own shares as collateral for the loan granted to the Company.

Transactions with a shareholder of CI Games related to convertible bonds issuance of series F:

Transactions in 2023 and balances as of 31.12.2023	COSTS	REVENUES	RECEIVABLES	LIABILITIES
Entity	PLN'000	PLN'000	PLN'000	PLN'000
Active Ownership Fund Sicav-FIS SCS	501	-	-	27,809
TOTAL	501	-	-	27,809

Note 33: Information about employment in CI Games Group

EMPLOYMENT STRUCTURE	As of 31.12.2023	As of 31.12.2022
Development employees*	143	117
Administration and Sales	48	27
Total heacount	191	144

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

Note 34: Remuneration of the Management Board Members and Supervisory Board Members

Remuneration (gross) of the Management Board (in the Group) in 2023:

Name	Position	Annual gross remuneration in the Group (PLN)
Marek Tymiński	President of the Board	1,306,949.74
David Broderick	Vicepresident of the Board	987,262.23

Remuneration of the Supervisory Board members in 2023:

Name	Position	Annual gross remuneration (PLN)
Ryszard Bartkowiak	President of the Supervisory Board until 17.03.2023	-
Michael Foley	Member of the Supervisory Board from 29.06.2023 and President of the Supervisory Board until 20.07.2023	62,724.84
Marcin Garliński	President of the Supervisory Board from 12.04.2023 until 20.07.2023	95,125.88
Artur Osuchowski	Member of the Supervisory Board from 17.03.2023	81,455.00
Florian Schuhbauer	Member of the Supervisory Board from 17.03.2023	81,455.00
Adam Niewiński	Member of the Supervisory Board	81,484.33
Jeremy M.J. Lewis	Member of the Supervisory Board from 05.09.2022	84,455.68
Total		486,700.73

Note 35: Events after the balance sheet date

After the balance sheet dates, there was not material events, which would have material impact on the financial situation and financial results of the Company.

Other events include:

- Full repayment and closing of the non-revolving working capital loan of PLN 20 million on 02.01.2024 r. and closing a multi-purpose loan limit of up to PLN 29 million on 31.01.2024.
- As of 30.09.2023, the Company was in breach of equity to total assets ratio under bank loan agreements with PKO BP S.A., i.e. and a non-revolving working capital loan of PLN 20 million.
- On 21.02.2024, the Supervisory Board passed a resolution to dismiss Mr. David Broderick from the Management Board of the Company
- On 10.04.2024, the Company signed multi-purpose loan limit with PKO BP S.A. – described in Note 37 below.

- On 21.03.2024, the Extraordinary General Meeting of the Company adopted a resolution on increasing the Company's share capital through the issuance of series M ordinary bearer shares, depriving existing shareholders of all pre-emptive rights to all series M shares, dematerialization of series M shares and rights to series M shares, applying for admission and introduction of series M shares and/or rights to series M shares to trading on a regulated market operated by the Warsaw Stock Exchange, authorization to conclude an agreement on registration of the series M shares and/or rights to the series M shares with the securities depository, and amendment of the Company's Articles of Association, on the basis of which it was decided to increase the Company's share capital to no more than PLN 2,195,316.15, i.e. by no more than PLN 365,886.00, through the issuance of no more than 36,588,600 series M ordinary bearer shares with a par value of PLN 0.01 each.
- In March 2024, two lawsuits were filed from employees of CI Games Mediterranean Projects S.L. regarding the termination of employment contracts. The value of the dispute, estimated by these employees, regarding severance pay is EUR 29,890.89 and EUR 310,924.57 regarding other claims. As of the date of this report, the Company is in the process of analysing these cases and verifying the value of the claims.

Note 36: Contingent liabilities

- On 21.4.2023, the Company received a lawsuit filed by the E.P. Retail sp. z o.o., E.P. Office 2 sp. z o.o., E.P. Office 1 sp. z o.o. and E.P. Apartments sp. z o.o. in the Circuit Court in Warsaw, whereby demand payment of PLN 483,636.15 and EUR 542,645.83 with interests. The claim consists of claims for contractual penalties, damages and reimbursement under the rental agreement concluded on 10.11.2017. On 19.50.2023, the Company filed a response to the lawsuit in which it requested that the claim be dismissed in its entirety. On 27.11.2023, Retail sp. z o.o., E.P. Office 2 sp. z o.o., E.P. Office 1 sp. z o.o. and E.P. Apartments sp. z o.o. limited the claim by the amount of EUR 252,262.50. As of the date of the report, the proceeding is pending. The Company recognizes the claim as completely unfounded and unproven, therefore, by decision of the Management Board, no financial provision was created for this purpose.

Note 37: Collaterals

- On 29.04.2022 CI Games S.A. signed a loan agreement with PKO BP S.A. A. a multi-purpose loan facility in the amount up to PLN 29 mln. The loan was granted for the period from 29.04.2022 to 31.12.2023. The loan can be drawn in EUR or/and PLN depending on the Company's disposal. The interest on the loan is set up at WIBOR 1M for loan in PLN and EURIBOR 1M for loan in EUR increased by the bank's margin. On 22.06.2022 the Company established below mentioned loan's collaterals:
 - the guarantee issued by Bank Gospodarstwa Krajowego up to PLN 23.2 mln and a blank promissory note issued for the benefit of Bank Gospodarstwa Krajowego;
 - a notarized declaration of submission to enforcement up to PLN 49.3mln in accordance with art. 777 §1, point 5 of Commercial Civil Code.
- On 27.03.2023 CI Games SE signed a loan agreement with PKO BP S.A. in the amount of PLN 20 mln. The loan is dedicated to financing production and marketing of *Lords of the Fallen*. The loan was

granted for the period from 27.03.2023 up to 30.11.2023. The Company established below mentioned loan's collaterals:

- the guarantee issued *de minimis* by Bank Gospodarstwa Krajowego in the amount of PLN 7,028,000 and a blank promissory note issued for the benefit of Bank Gospodarstwa Krajowego;
- a notarized declaration of submission to enforcement up to PLN 30 mln in accordance with art. 777 §1, point 5 of Commercial Civil Code.
- Registered and civil pledge on 10,400 thousand of shares of CI Games SE owned by Mr. Marek Tymiński, CEO of the Company.

Due to the repayment of the abovementioned loans in 2024, all collaterals were released as of this report date.

On 10.04.2024, CI Games SE concluded with PKP BP S.A. a multi-purpose credit limit agreement for a maximum amount of PLN 15,000,000. The loan was granted for the period from 10.04.2024 to 09.04.2025 in PLN or EUR according to the Company's Loan payment instruction. Interest is WIBOR 1M for the loan in PLN and EURIBOR 1M for the loan in EUR increased by the bank's margin. The loan is secured by: (i) blank promissory note in the amount of PLN 4,950,000 of the Company together with a promissory note declaration up to, (ii) guarantee for repayment of the Loan granted by Bank Gospodarstwa Krajowego under the *de minimis* portfolio guarantee line.

IV. STATEMENT OF THE MANAGEMENT BOARD OF CI GAMES SE

On reliability of preparation of the annual consolidated financial statements

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

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

On 02.07.2021, the Supervisory Board of CI Games S.A., acting on the basis of the recommendation of the Audit Committee, selected UHY ECA Audyt Sp. z o.o. Sp. k. with a registered office in Warsaw as the auditor conducting a review of semi-annual and an audit of annual financial statements of the Company for years 2021-2023. The selected entity has been entered on the list of entities authorized to audit financial statements of the National Chamber of Statutory Auditors under no. 3115. In connection with the internal reorganization of the UHY ECA Group, on 19.07.2023, the Supervisory Board adopted a resolution on changing the details of the auditing firm to audit and review the Company's individual financial statements and the CI Games Group's consolidated financial statements, and decided that the entity authorized to audit and review the Company's individual financial statements and the CI Games Group's consolidated financial statements for the 2023 fiscal year is UHY ECA Audyt spółka z ograniczoną odpowiedzialnością, based in Warsaw, registered in the list of entities authorized to audit financial statements under no: 3886, as the entity continuing to provide audit and other auditing services to the Company.

Management Board of CI Games SE

Marek Tymiński

President of the Management Board

The person responsible for keeping accounting books

Monika Pierzchała

