



CI GAMES CAPITAL GROUP

ANNUAL REPORT 2023

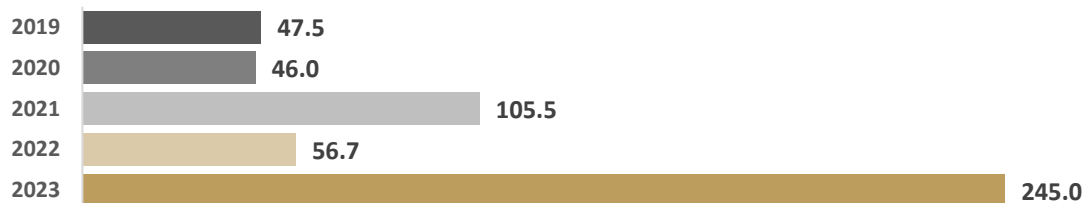
Management Board Report on the activities
of CI Games SE and CI Games Capital Group for 2023

Warsaw, 17th April 2024

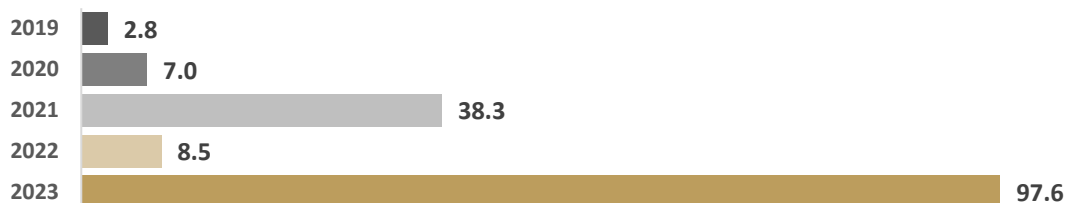
This report is translation of the Polish version. In case of discrepancies between the language versions the Polish version shall prevail

CI GAMES HIGHLIGHTS OF THE YEAR

REVENUE: PLN 245.0M



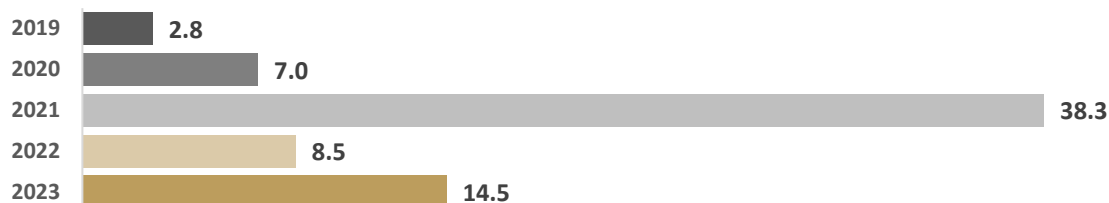
EBITDA: PLN 97.6 M



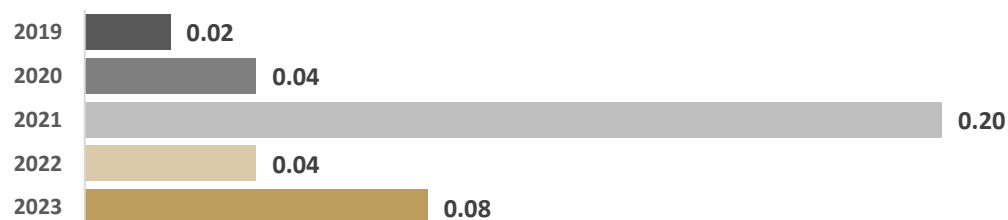
OPERATING PROFIT: PLN 31.5M



NET RESULT: PLN 14.5M



EARNINGS PER SHARE: PLN 0.08





LETTER FROM THE CEO

Dear Shareholders,

The 2023 fiscal year was a period of continued momentum for us as we focused on the largest and most expensive title in the history of the Company: Lords of the Fallen. Thanks to its successful launch, and the continued solid sales of the existing game catalog, it was the most successful year in terms of revenues for CI Games Group.

Consolidated net sales revenues amounted to almost PLN 245 million in 2023. This is the best result in the Company's history and four times greater than the revenues achieved the previous year. From January to December last year, the Group recorded a gross profit of PLN 26.3 million and a net profit of PLN 14.5 million (net margin 5.9%). Reported EBITDA amounted to PLN 99 million.

85% of sales revenues for 2023 were generated by the game, Lords of the Fallen, which released on October 13th, 2023, on PC, PlayStation 5 and Xbox Series X|S consoles. The remaining sales revenues were generated by back catalog, the largest contribution being Sniper Ghost Warrior Contracts 2, released in June 2021.

The Lords of the Fallen's marketing campaign achieved a total of 214M views; its trailers topped 50M views; over 12.7k articles were written across global media; and 2.9M Wishlist additions across all platforms.

In its first month of release, Lords of the Fallen was ranked 6th in Europe and 20th in the US among the best-selling games on Steam. The title received a rating of 74% on Metacritic as an average across its three platforms (PC, PlayStation 5 and Xbox Series X|S consoles). Since its release, we have released over 30 updates to the game, resolving technical issues specific to certain hardware configurations, improving the game's performance on all platforms, and providing significant new game content. We will be releasing another major update to the game soon.

From its release to December 31st last year, Lords of the Fallen's sales totaled approximately 1.3 million units. This is a solid result, which allows us to plan further development of the brand. Now, our aim is to ensure its next installments attract even more players, partly through refined and improved game design, and partly thanks to the increasing popularity of this IP.

Currently, our in-house studios are mainly working on two projects. The first is Project Survive, being developed by Underdog, and the second is Project 3, being developed by Hexworks. We continue to grow United Label, which specializes in publishing smaller titles. Our primary focus is the innovation and high quality of our products, as well as the efficiency of their development processes which we continue to optimize and improve.

We continue to further develop the company alongside the ongoing formal process of reviewing strategic options. We have ambitious goals for our upcoming products, and I have every confidence in the continued future growth of the Company value.

Thank you to all our employees, partners, and shareholders for your ongoing support. On behalf of the entire CI Games Group, I invite you to read the report.

Marek Tymiński,

CEO CI Games



AGENDA

CI GAMES HIGHLIGHTS OF THE YEAR.....	2
LETTER FROM THE CEO	3
I. THE PROFILE OF CI GAMES GROUP	5
II. CONSOLIDATED FINANCIAL DATA.....	13
III. INDIVIDUAL FINANCIAL DATA	17
IV. MANAGEMENT OF BUSINESS RISK OF THE GROUP.....	21
V. INFORMATION ON CORPORATE GOVERNANCE	27
VI. STATEMENT OF FOLLOWING CORPORATE GOVERNANCE RULES BY CI GAMES SE IN 2023	40
VII. APPROVAL OF THE MANAGEMENT REPORT FOR 2023	53

I. THE PROFILE OF CI GAMES GROUP

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

CI Games Group's parent company:

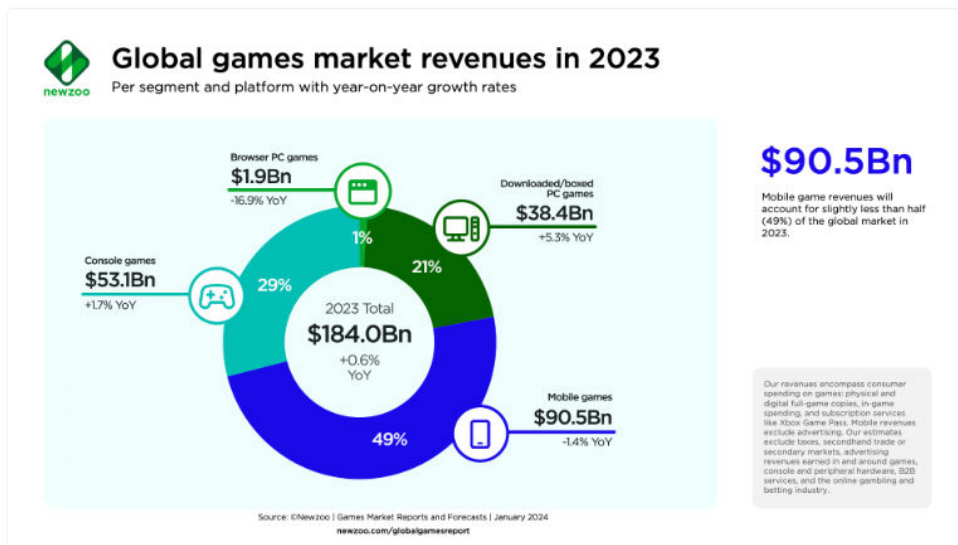
- CI Games European Company (“the Issuer”, “the Dominant Entity”, “the Company”, “CI Games”) was registered on 1st June 2007 as City Interactive S.A. On 7th August 2013, the District Court for the Capital City of Warsaw in Warsaw, 13th Commercial Division of the National Court Register which recorded the change of the Company’s name from the previous name to CI Games S.A. On 17.03.2023 CI Games SE was registered in the Register of Entrepreneurs of the National Court Register by the District Court for the Capital City of Warsaw in Warsaw, 13th Commercial Division of the National Court Register, under KRS number 0001025884.
- The registered office of the Company is located in Warsaw at Rondo Daszyńskiego 2B.
- The core business activity of the Company consists of production, publishing and distribution of video games
- Tax identification number (NIP): 1181585759.
- Statistical identification number (REGON): 017186320.
- The Company has been established for an unlimited period of time.

2. Growth Strategy

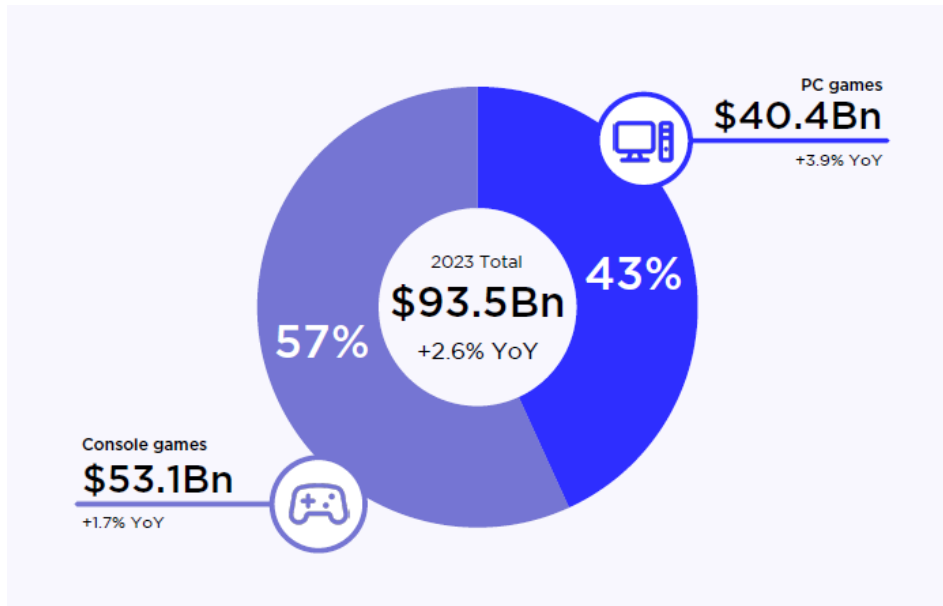
- The studio will continue to develop both new and existing IPs with strong global sales potential to ensure continued financial growth. This is detailed in CI Games' corporate strategy, which can be found [here](#).
- On 24th October 2022, the studio unveiled an updated [roadmap and strategy for future growth](#) with significant ambitions for both existing and brand new IPs over the next five years.
- The updated vision focuses on seven main pillars; the overarching goal is to strengthen the company's solid foundation, facilitate further development of the brand and team, and ensure exponential financial growth.
- CI Games is developing all current and future titles using Unreal Engine 5, all of which will include a multiplayer component to increase revenue and community development potential.

3. Market Overview

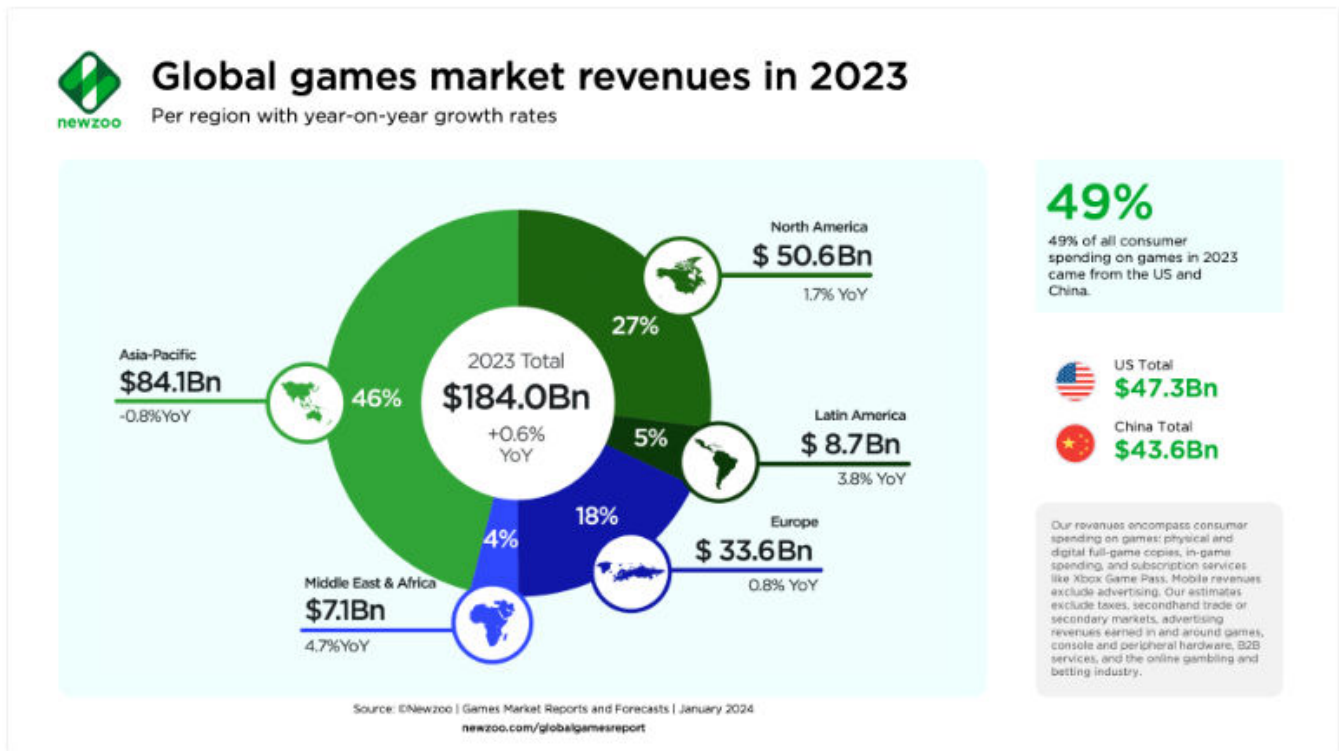
Market analyst, Newzoo, reports that the global games market generated \$184 billion in 2023, a +0.6% YoY increase, and estimates revenue of \$205.7 billion in 2026, representing a 2021-2026 CAGR of +1.3% for the total market.



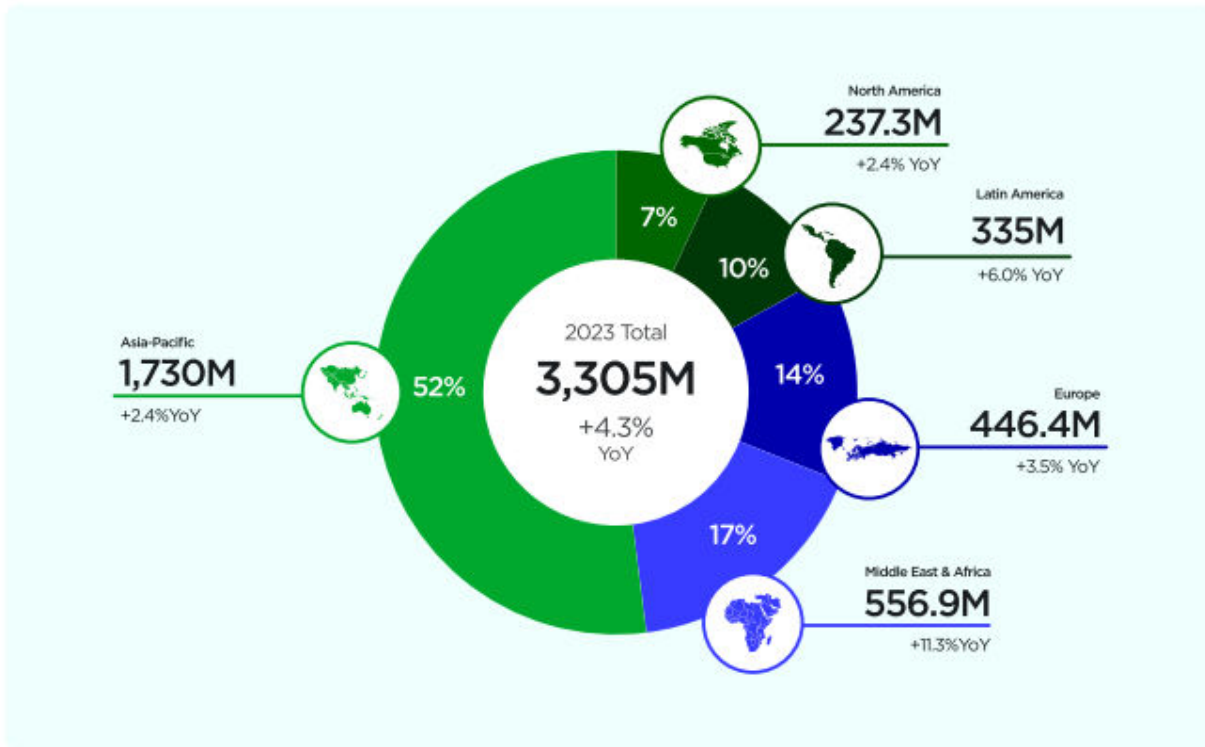
PC and console game revenues grew by +2.6% last year to reach \$93.5 billion, with PC contributing most to this growth (3.9% YoY compared to console games' 1.1% YoY). A significant number of the year's most successful games were cross-platform releases



The US and China accounted for nearly half of all video game spending in 2023; the US spent a total of \$47.3 billion, while China followed close behind with revenues of \$43.6 billion. The Middle East & Africa accounted for a 4.7% share of total revenues globally, with an impressive growth of +4.7% YoY.



Global player numbers saw an increase of 4.3% YoY, bringing the total to 3.3 billion. Newzoo predicts that this figure will continue to grow with a 2021-2026 CAGR of +3.7% to reach 3.68 billion players by the end of 2026.



Source: Newzoo Report

4. Our Games

“Lords of the Fallen”

"Lords of the Fallen" AAA action-RPG game released on 13th October 2023 for PC, PS5 and Xbox Series X/S. The title was developed using state-of-the-art UE5 engine technology, with a team of industry veterans responsible for its production. "Lords of the Fallen" is a full reboot of the original 2014 game, which was enjoyed by more than 10m players worldwide. The new project includes huge improvements in all aspects.

The game's marketing campaign attracted millions of viewers. Materials promoting the title accumulated a total of 214M views; its trailers topped 50M views; over 12.7 thousand articles were written about Lords of the Fallen in Polish and international media; 2.9M people Wishlisted the game.

In the first month of its release, Lords of the Fallen was ranked 6th in Europe and 20th in the US among the most popular games on the Steam platform. It is the first truly next-generation RPG Soulslike. The title received 75.5% positive ratings on Metacritic. Sentiment toward the game is improving. We are listening to the community gathered around Lords of the Fallen, taking their feedback into account and adding new updates to the game on a regular basis.

“Sniper Ghost Warrior”

The latest installment of the popular series – “Sniper Ghost Warrior Contracts 2” – crossed the million-seller threshold in May 2022, less than a year after its release (4th June 2021).

“Project Survive”

“Project Survive” (working title) will be the third major IP for CI Games, developed using Unreal Engine 5 for PC and latest-generation consoles. The company's ambition is to create a massively popular title with genre-leading visuals, a best-in-class gameplay system and a commercially viable theme. The game is scheduled for release in 2025. The project's marketing campaign is expected to launch this summer.

“Project 3”

At the beginning of the year, part of the Hexworks team began work on another action-RPG, with the working title Project 3. The release is scheduled for 2026. The title will be available for PlayStation 5, Xbox X/S and PC consoles.

United Label

2023 was another successful year for United Label. The company continued to maximize revenues from its existing portfolio through new sales channels and commercial opportunities. This resulted in net sales revenues of PLN 7,489 thousand, part of the proceeds will be allocated to the development of existing projects (including marketing activities) and the acquisition of new titles.

The company is well prepared for two new launches in 2024. Marketing campaigns for both new titles will begin with trailers, building reach, fan engagement and wishlists for both titles.

“Tails of Iron”, released on 17th 2021, remains United Label's most recognizable title. Within 30 months of its release, it had 1.5m players worldwide. The new and final expansion for this game – “Bright Fir Forest” – offering four hours of new gameplay was released as the second free expansion for “Tails of Iron” in December 2023.

“Eldest Souls”, a game released on July 29th July 2021, and “Röki” - the debut title of United Label S.A. from 2020 is the basic game catalog. We believe both games will continue to generate revenue in the coming years.

All three titles have been included in the PlayStation Plus subscription offer in 2023 on the PlayStation platform, and the Company's commercial team continues to engage and negotiate similar agreements with potential partners for existing and new titles.

Production of the futuristic RPG game “Beyond Galaxyland” continues as planned, its premiere is scheduled for 2024.

5. Information on seasonal or cyclical nature of business activity of the Issuer in the presented period

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

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

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

6. Products, services, sales markets, suppliers and purchasers

CI Games Group produces and publishes games for the global video game market. The Group primarily handles distribution for its own titles, however, in some cases, it sells licenses for software distribution in select territories at specific time.

Products of CI Games Group are available in all countries through digital distribution platforms. The share of domestic sales increases in the years of a game release, when the largest sales are noted in the physical products category.

Structure of consolidated sales revenues of the CI Games Group in value terms:

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%

Structure of unit sales revenues of CI Games in terms of value:

Revenues	2023	Share (%)	2022	Share (%)
Sales of physical products	552,358	24%	4,030	8%
Digital sales	177,442	76%	43,602	92%
Other sales	-	-	2	-
Total	232,800	100%	47,634	100%

An increase from 10% share of physical sales in total revenues in 2022 to 25% in 2023, is attributable to the fact that the highest sales of physical products are noted in the first months from the release of a game. In 2022, there were no new releases therefore share of physical products was much smaller compared to share for 2023.

Territorial distribution of sales revenue of CI Games Group per regions (in value terms):

Revenues	Consolidated		Individual	
	2023	2022	2023	2022
Export	244,552	56,795	232,369	47,907
<i>share (%)</i>	<i>100%</i>	<i>100%</i>	<i>100%</i>	<i>101%</i>
Domestic	431	(101)	431	-273
<i>share (%)</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-1%</i>
Total	244,983	56,694	232,800	47,634

Clients whose share in CI Games sales in 2023 exceeded 10%:

- Sony Interactive Entertainment (31% of consolidated sales value and 33% of standalone sales value) – four legal entities from Europe, the USA, Japan, unrelated to the Group, PlayStation platform for digital sales;
- Valve Corporation (23% of consolidated sales value and 24% of standalone sales value) – an entity unrelated to the Group, Steam platform for digital sales of games;
- U&I Entertainment, LLC (16% of consolidated and standalone sales value) – an entity unrelated to the Group, distributor of the game on physical media in America.
- Microsoft Corporation (14% of consolidated and standalone sales value) – an entity unrelated to the Group, Xbox platform for digital sales.

The remaining counterparties did not exceed the designated materiality level of 10%.

CI Games Group has a dispersed base of suppliers, none of which exceeded the 10% threshold in the value of purchases in 2023, while purchases from CI Games MP accounted for 27% of gross purchases in stand-alone CI Games.

Key suppliers of the Group include: subcontractors delivering game production components, companies that render services in physical game production, suppliers of marketing services.

7. Key events in the Group in 2023

Corporate matters

- On 20.07.2023 the Management Board of the Company adopted a resolution on the allotment of 60 series F bonds, registered, unsecured, non-documentary, convertible into series L ordinary bearer shares, with a par value equal to the issue price of EUR 100,000 each bond and a total par value of EUR 6m, bearing interest at a fixed annual rate of 8%. Further details presented in Section V, point 7.
- On 16.08.2023, the Company entered into a settlement agreement with Batfields s.r.o., headquartered in the Czech Republic, terminating the production agreement for “Survive”. Pursuant to this settlement, the Company, as the sole owner of “Survive”, has retained the intellectual property rights and is not obliged to pay any royalties to Batfields s.r.o. for “Survive”.
- On 30.10.2023, the Company concluded with the bank Powszechna Kasa Oszczędności Bank Polski Spółka Akcyjna, two addendums to the loan agreements:
 - extension of the term of the loan until 31.01.2024 (an annex to the multi-purpose credit limit agreement concluded on 29.04.2022 between the Company and PKO BP for the amount of PLN 29M),
 - extension of the term of the loan until 31.12.2023 (an annex to the non-revolving operating loan agreement concluded on 27.05.2023 between the Company and PKO BP for the amount of PLN 20M).

Release of the “Lords of the Fallen”

- On 25.07.2023 the first hands-on event for “Lords of the Fallen” was held in Los Angeles with top tier media outlets and a selection of influencers.
- On 27.07.2023 an extended gameplay presentation for “Lords of the Fallen” was released. The 18-minute-long video received 1M views within 24 hours, generated 574 articles across 492 different outlets and reached 2.6M organic video views within two weeks.
- On 01-02.08.2023 a second hands-on event for “Lords of the Fallen” was held in London, was held in London, across two days, with attendance from top-tier media outlets and select influencers across UK & Europe. Simultaneously, a mini hands-on event was conducted in Australia by our distribution partners FiveStar with a select few top tier media and influencers.
- “Lords of the Fallen” was the IGN First feature game during the entirety of August 2023.
- “Lords of the Fallen” was the IGN First feature game 01-31.08.2023.



- On 10.08.2023 the embargo for “Lords of the Fallen” was lifted with the 70+ key media and influencers releasing their preview content. In total 529 articles were published detailing the predominantly positive reactions and comments.
- On 22.08.2023 “Lords of the Fallen” premiered a 90 second Story Trailer at Opening Night Live. Immediately following the show, the full extended 150 second version of the Story Trailer was released, achieving 3.3M views within two weeks.
- “Lords of the Fallen” featured on the Entertainment show floor at Gamescom - a live demo within an immersive, branded cinema. The cinema was full for each session, with one of the largest continuous queues at the event. There were also hands-on within the B2B area and large format “Lords of the Fallen” printed OOH dominated the East and North entrances and Digital OOH sites at the North entrance and the Central Boulevard.
- On 30.08.2023 the embargo for press and influencer’s “Lords of the Fallen” Gamescom content was lifted, and on 01.09.2023 a 17-minute version of the Gamescom Cinema demo was released on the “Lords of the Fallen” YouTube channel. Together these generated a further 267 articles over 5 days.
- Further hands-on and capture opportunities for “Lords of the Fallen” were happening in Seattle at PAX between 01-04.09.2023, in Beijing at GFusion 08-10.09.2023 and in London at WASD 14-15.09.2023.
- On 28.09.2023 a “Lords of the Fallen” 8 minute gameplay overview video was released, reaching 2.7M views within its first two weeks.
- On 02.10.2023 the “Lords of the Fallen” global media campaign began with OOH and cinema. Digital media started 06.10.2023 and CTV, Endemic and 1st Party dashboard media on 10.10.2023 – the total campaign delivered 1.1 billion impressions over the launch period.
- On 06.10.2023 VIP Influencers released the first two hours of “Lords of the Fallen” gameplay, putting the game in the top five trending on Twitch over the weekend.
- On 10.10.2023 the “Lords of the Fallen” Launch trailer was released, reaching more than 1.4M views during the launch week.
- Between 12.10 and 15.10.2023 “Lords of the Fallen” featured at NY ComicCon, rebranding the Vizeo Bus.
- On 12.10.2023 the “Lords of the Fallen” review embargo lifted, achieving 78% average score; the ‘launch’ influencer campaigns went live, trending #2 on Twitch during launch week. “Lords of the Fallen” was the most watched game during its first 5 days of launch. By end of October it achieved 15M streaming hours watched.
- On 13.10.2023 “Lords of the Fallen” was officially released on PC, PS5 and Xbox Series X|S; by launch the marketing campaign had achieved 214M campaign views, 150M trailer views, 12.7K articles, 1.2M Steam Wishlists and reached number 10 in the Steam Global Wishlist Chart.
- On 23.10.2023 “Lords of the Fallen” hit the milestone of 1M units sold.
- On 24.10.2023 “Lords of the Fallen” was shortlisted for the Golden Joysticks Ultimate Game of the Year Award.
- On 17.11.2023 “Lords of the Fallen” console SKUs went into PlayStation and Xbox Black Friday sales, and on 11.21.11.2023 “Lords of the Fallen” and “Sniper Ghost Warrior Contracts 2” went into Steam Black Friday Sale as ‘Featured’ titles.
- On 29.11.2023 PlayStation launched a targeted offer for “Lords of the Fallen”, only given to 10 titles in 2023, which includes a full PSN support program.
- On 10.12.2023 the “Lords of the Fallen” review embargo lifted, achieving 78% average score; the ‘launch’ influencer campaigns went live, trending #2 on Twitch during launch week. “Lords of the Fallen” was the most watched game during its first 5 days of launch. By end of October it achieved 15M streaming hours watched.
- On 10.10.2023 the “Lords of the Fallen” Launch trailer released reaching 1.4m + views in launch week.
- From 12-15.10.2023 “Lords of the Fallen” featured at NY ComicCon, rebranding the Vizeo Bus.
- On the 12.10.2023 “Lords of the Fallen” review embargo lifted, achieving 78% average score, and the ‘launch’ influencer campaigns went live trending #2 on Twitch during launch week, and was the most watched game during its first 5 days of launch – by end of October achieving 15m streaming hours watched.
- On 13.10.2023 “Lords of the Fallen” official released on PC, PS5 and XBXS, and by launch the marketing campaign had achieved 214m campaign views, 150m trailer views, 12.7m articles, 1.2m Steam wishlists and reached no 10 in Steam Global Wishlist Chart.
- On 23.10.2023 “Lords of the Fallen” hit the milestone of 1m units sold.
- On 24.10.2023 “Lords of the Fallen” was shortlisted for the Golden Joysticks Ultimate Game of the Year Award.

- On 17.11.2023 “Lords of the Fallen” console skus went into PlayStation and Xbox Black Friday sales, and on 21.11.2023 “Lords of the Fallen” and “Sniper Ghost Warrior Contracts 2” went Steam Black Friday Sale as ‘Featured’ titles.
- On 29.11.2023 PlayStation launches a targeted offer for “Lords of the Fallen”, only given to 10 titles in 2023, which includes a full PSN support program.

8. Description of factors of events, with particular emphasis on extraordinary events, that influenced the financial results achieved

Between 1st January and 31th December 2023, no extraordinary events took place, which would exert impact on the financial results achieved. On 13th October 2023, a release of “Lords of the Fallen” happened which had a major impact on the annual financial results.

9. External and internal factors impacting the Group’s development

The Group operates on the international market and is thus to a certain extent dependent on the international economy, although the sector itself is more resilient to economic crises than other branches of the economy.

The most significant external factors that exert impact on the development of the Group include the regulatory factor, which is associated with the current state of legal - including tax - regulations. A substantial role is also played by virtual media in promotion of individual titles, as well as the increasing share of digital channels at the expense of the traditional distribution channels. Moreover, video game market producers are becoming increasingly competitive, which exerts direct impact on salary levels in the sector and recruitment and maintenance of highly qualified staff, contractors, and subcontractors.

The Company focuses its activity on projects which attract potential customers at a sufficient large scale. Such projects include the sequel of Lords of the Fallen, Survive and Sniper Ghost Warrior Next series.

Simultaneous implementation of several projects allows for diversification of revenues, stabilization of results in between the releases of own titles, as well as effective use of own resources. In this context, it is significant to secure the financing to grow the business of the Parent Entity and CI Games Group.

The Group intends to stand up to new challenges leveraging its own resources and a developed network of partners. This model will allow for much greater flexibility in decision-making and implementation of new projects.

A detailed description of factors which may influence activity of the Group, can be found in Chapter IV of this report.

10. Information about noteworthy contracts for the conduction business of CI Games Capital Group

- Contract for Pan-European distribution of the game “Lords of the Fallen” concluded on 24.04.2023 with Plaion GmbH. Plaion distributes the game in physical format across all European territories including the UK, Germany, France, Italy, Spain, Poland, Czech, Slovakia, Portugal, Nordics and Benelux.
- Contract with U&I Entertainment LLC for distribution of the game “Lords of the Fallen” concluded on 02.06.2023 on the territory of North America, Central America, South America and Caribbean Islands.
- Publishing contracts signed with United Label S.A. with independent developers. Polygon Treehouse Ltd, Odd Bug Studio Limited, Fallen Flag Studio Ltd for worldwide distribution.

II. CONSOLIDATED FINANCIAL DATA

1. Profitability of the business

Consolidated profit and loss account

	2023		2022	
	PLN'000	EUR'000	PLN'000	EUR'000
Net revenues from sales	244,983	54,100	56,694	12,093
Gross profit on sales	136,425	30,127	40,745	8,691
<i>Sales margin (%)</i>	55.7%	55.7%	71.9%	71.9%
Selling costs	(85,907)	(18,971)	(15,896)	(3,391)
General and administrative costs	(17,203)	(3,799)	(16,346)	(3,487)
Net result on other activities and net impairment losses	(1,826)	(403)	(684)	(146)
Profit (loss) from operating activities	31,489	6,954	7,819	1,668
<i>Operating margin (%)</i>	12.9%	12.9%	13.8%	13.8%
EBITDA*	97,616	21,557	16,032	3,420
<i>EBITDA (%)</i>	39.8%	39.8%	28.3%	28.3%
Gross profit (loss)	26,284	5,804	11,386	2,429
<i>Gross profit (%)</i>	10.7%	10.7%	20.1%	20.1%
Net profit (loss)	14,467	3,195	8,575	1,829
<i>Net margin (%)</i>	5.9%	5.9%	15.1%	15.1%

*EBITDA calculated as operating profit adjusted for depreciation and amortization recognized in the Profit and Loss Account.

On 13.10.2023, the Company launched the game “Lords of the Fallen”, which had a significant impact on the Group's financial results. This game generated 83% of consolidated revenues, achieving almost 1.3M of sold units, while back catalogue games accounted for the remaining part of sales with the largest share (9%) of “Sniper Ghost Warrior Contracts 2” (released in June 2021).

Production costs consisted of mainly amortization cost of “Lords of the Fallen” (35% of this game was amortized in 2023), cost of production physical products as well as costs of production “LotF” incurred after launching date. Additionally, costs of goods sold also included amortization cost of “Sniper Ghost Warrior Contracts 2” and two games from United Label S.A.’s portfolio.

Decrease in Sales margin from 71.9% in 2022 to 55.7% in 2023 results mainly from high amortization cost in total production costs.

A few times increase in selling costs in 2023 (PLN 85.9m) compared to the costs level in 2022 (PLN 15.9m) resulted from an intensive marketing campaign of “Lords of the Fallen”. G&A costs noted an insignificant increase (by 5.2%) in 2023 compared to the respective period of 2022 due to growth in headcount and related costs.



Operating costs amounted to PLN 31.5m (12.9%) in 2023 and they were 3-times higher than in the previous year (PLN 7.8M) mainly as the result of “Lords of the Fallen” release.

Reported EBITDA was PLN 97.6M (39.8%) achieving over 6-times growth compared to the previous year, in which there was no release.

Gross profit amounted to PLN 26.3M and it was further decreased by tax of PLN 11.8M including deduction of withholding tax of PLN 7.3m and non-cash change in deferred tax by PLN 6.2M.

The Group recorded net profit of PLN 14.5M (net margin of 5.9%) in 2023.

2. Balance sheet structure

Consolidated 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 of CI Games Group as of 31.12.2023 totaled PLN 275.0M and increased by PLN 95.7M (growth by 53%) compared to the balance sheet total at the end of 2022. The key item behind this change was the rise in net book value of intangibles (by PLN 16.7M), deferred tax asset (by PLN 13.6M) and increase in a receivables balance by PLN 40M.

As 31.12.2023, total liabilities & equity rose mainly as a result of an increase in short term liabilities (an increase by PLN 59.3M), including debt growth by PLN 39.2M (bank loans and convertible bonds). Own equity increased by generated net profit.

Assets structure

Ratio	31.12.2023	31.12.2022
Intangible assets / Assets	61.3%	84.8%
Property, plant and equipment/ Assets	0.5%	0.9%
Trade receivables / Assets	17.2%	4.3%
Inventories/ Assets	0.5%	0.7%
Cash and cash equivalents / Assets	11.0%	3.7%
Deferred income tax assets/ Assets	5.3%	0.6%
Other assets / Assets	1.8%	2.5%

As of 31.12.2023 the biggest item in terms of assets were intangibles of PLN 168.7M (61.3% of the total assets as of 31.12.2023), which rose by PLN 16.7M over the course of the year. The main items in intangibles were development works in progress (PLN 108.3M – net value) and completed development works (PLN 55.3M). In 2023, expenditures on the games development amounted to PLN 79.8M as a result of expenditures on “Lords of the Fallen” and “Survive”.

The growth in trade and other receivables by PLN 40M as of 31.12.2023 compared to the balance at the end of 2022 is mainly due to an increase in trade receivables (game release in October 2023) and in sales (increase in share in total balance sheet value from 4.3% as of 31.12.2022 to 17.2% as of 31.12.2023).

An increase in deferred tax assets resulted from recognized tax loss as the result of one-off tax amortization of “Lords of the Fallen”.

Structure of equity and liabilities

Ratio	31.12.2023	31.12.2022
Own equity	58.3%	79.3%
Long term liabilities	8.4%	2.6%
Short term liabilities	33.3%	18.1%

CI Games Group owns equity as of 31.03.2023 totaled PLN 160.3M (an increase by PLN 18.1M compared to the balance sheet of the previous year), recording decline in share of total balance sheet from 79.3% (31.12.2022) to 58.3%.

The Group’s long-term liabilities increased by PLN 18.4M (balance as of 31.12.2023) due to growth in deferred tax liability (as the result of difference in tax and accounting value of development works). Short term liabilities increased by PLN 59.3M due to the debt’s growth (bank loans – fully repaid in January 2024) and convertible bonds.

3. Cash flow

Statement of cash flow

	2023		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)

In 2023 operating cash flow totaled PLN 71.1M and was due mainly to the conversion of trade receivables into cash, which were decreased by payment of operating costs (including marketing campaign).

In 2023, net cash flow from investing activities totaled PLN (83.0)M which related almost exclusively to development expenses of “Lords of the Fallen” and “Survive”.

Net cash flow from financing activities amounted to PLN 34.4M. This item consisted mainly of inflows from the bank overdraft facility netted off by a repayment of the 4th quarter 2023 (PLN 5M) and repayment of finance lease liability.

III. INDIVIDUAL FINANCIAL DATA

1. Profitability of the business

Individual profit and loss Account

	2023		2022	
	PLN'000	EUR'000	PLN'000	EUR'000
Net revenues from sales	232,800	51,409	47,634	10,160
Gross profit on sales	127,090	28,065	36,299	7,742
<i>Sales margin (%)</i>	<i>54.6%</i>	<i>54.6%</i>	<i>76.2%</i>	<i>76.2%</i>
Selling costs	(80,896)	(17,864)	(14,116)	(3,011)
General and administrative costs	(16,473)	(3,638)	(15,460)	(3,298)
Net result on other activities and net impairment losses	(2,716)	(600)	(636)	(136)
Profit (loss) from operating activities	27,005	5,964	6,087	1,298
<i>Operating margin (%)</i>	<i>11.6%</i>	<i>11.6%</i>	<i>12.8%</i>	<i>12.8%</i>
EBITDA*	93,178	20,577	12,394	2,644
<i>EBITDA (%)</i>	<i>40.0%</i>	<i>40.0%</i>	<i>26.0%</i>	<i>26.0%</i>
Gross profit (loss)	21,012	4,640	9,470	2,020
<i>Gross profit (%)</i>	<i>9.0%</i>	<i>9.0%</i>	<i>19.9%</i>	<i>19.9%</i>
Net profit (loss)	9,433	2,083	7,135	1,522
<i>Net margin (%)</i>	<i>4.1%</i>	<i>4.1%</i>	<i>15.0%</i>	<i>15.0%</i>

*EBITDA calculated as operating profit adjusted for depreciation and amortization recognized in the Profit and Loss Account.

On 13.10.2023, the Company released "Lords of the Fallen", which had significant impact on the Group's financial performance. This game generated 85% of consolidated revenues, while the games from back catalogue accounted for remaining sales, with major share (of 9%) of "Sniper Ghost Warrior Contracts 2" (release in June 2021).

The costs of manufacturing the products sold included mainly the cost of amortization of development work on "Lords of the Fallen" (35% of the intangible value was amortized in 2023), the costs of producing this game on physical media and the non-capitalized costs of work related to "Lords of the Fallen" incurred after the release date. Additionally, the depreciation cost also included the depreciation cost of the game "Sniper Ghost Warrior Contracts 2".

The decrease in sales margin from 76.2% in 2020 to 54.6% in 2023 was mainly due to the significant cost of depreciation in the total production costs.

The several-fold increase in sales costs in 2023 (PLN 80.9M) compared to the level of costs in 2022 (PLN 14.1M) resulted from the intensive advertising campaign of the game "Lords of the Fallen". Plant-wide costs recorded a slight increase (6.6%) in 2023 compared to the same period in 2022 due to increasing employment and related costs.

Operating profit amounted to PLN 27.0M (11.6%) in 2023 and was over three times higher than in the previous year (PLN 6.1M), mainly as a result of the premiere of “Lords of the Fallen”.

Reported EBITDA amounted to PLN 93.2M (40.0%), achieving an over 6-fold increase in value compared to the previous year, when there was no premiere.

Gross profit amounted to PLN 21.0M and was reduced by tax in the amount of PLN 11.6M, including a reduction of withholding tax by PLN 7M and a non-cash change in deferred tax in the amount of PLN 4.5M.

The company recorded a net profit of PLN 9.4M (net margin 4.1%) in 2023.

2. Balance sheet structure

Individual balance sheet

	as of 31.12.2023		as of 31.12.2022	
	PLN'000	EUR'000	PLN'000	EUR'000
Non-current assets	195,178	44,889	167,922	35,805
Current assets	75,151	17,284	22,969	4,898
Total assets	270,329	62,173	190,891	40,703
Equity	154,100	35,442	140,121	29,877
Initial capital	1,829	421	1,829	390
Liabilities	116,229	26,732	50,770	10,825
Non-current liabilities	23,052	5,302	4,638	989
Current liabilities	93,177	21,430	46,132	9,836
Total equity and liabilities	270,329	62,173	190,891	40,703

The balance sheet total of CI Games as of 31st December 2023 was PLN 270.3M and increased by PLN 79.4M (an increase of 42%) compared to the balance as of the end of 2022. The main items that influenced this were the increase in the net book value of intangible assets (by PLN 17.1M), the deferred tax asset (by PLN 15.3M) and an increase in the balance of receivables by PLN 33.4M.

As at 31st December 2023, liabilities increased mainly as a result of an increase in short-term liabilities (an increase of PLN 47M), including an increase by PLN 39.1M as a result of an growth in debt (bank loans and bonds convertible into shares). Equity increased as a result of the generated net profit.

Asset structure

Indicator	31.12.2023	31.12.2022
Intangible assets/assets	61.8%	78.5%
Property, plant and equipment / Assets	0.4%	0.8%
Trade receivables / Assets	18.8%	9.1%
Inventories/Assets	0.6%	0.6%
Cash and cash equivalents / Assets	8.3%	2.0%
Assets due to income tax / Assets	6.0%	0.4%
Other assets / Assets	1.6%	1.7%

As of 31st December 2023, the largest item in the asset structure was intangible assets amounting to PLN 167.0M (61.8% of total assets as of 31st December 2023), which increased by PLN 17.1M during the year. The main item of intangible assets was Completed development work (PLN 111.3M - net value) and development work in progress (PLN 55.7M). In 2023, expenditures on games amounted to PLN 82.1M and were mainly incurred for the games “Lords of the Fallen” and “Survive”.

The increase in the balance of trade and other receivables by PLN 33.4M as of December 31st, 2023, compared to the balance at the end of 2022, is due to an increase in the balance of trade receivables as a result of the game’s release in October 2023 and an increase in sales.

Structure of equity and liabilities

Indicator	31.12.2023	31.12.2022
Equity capital	57.0%	73.4%
Long-term liabilities	8.5%	2.4%
Current liabilities	34.5%	24.2%

The equity of CI Games as at December 31, 2023 amounted to PLN 154.1M (an increase of PLN 14.0M compared to the balance at the end of the previous year), at the same time recording a decrease in their share in the balance sheet total from 73.4% (31st December 2022) for 57.0% of balance sheet totals. Long-term liabilities increased by PLN 18.4M mainly as a result of an increase in the deferred tax provision (mainly as a result of the difference between the tax and accounting value of development works) and an increase in debt (bank loans repaid in full in January 2024) and convertible bonds shares.

3. Cash flow

Statement of cash flow

	2023		2022	
	PLN'000	EUR'000	PLN'000	EUR'000
Net cash flows from operating activities	60,955	13,461	48,504	10,346
Net cash flows from investing activities	(77,842)	(17,190)	(77,599)	(16,552)
Net cash flows from financing activities	35,316	7,799	17,237	3,677
Net cash flows	18,429	4,070	(11,858)	(2,529)

In 2023, net cash flow from operating activities amounted to PLN 61.0M and resulted mainly from the conversion of receivables into cash, which was reduced by the payment of operating costs (including the marketing campaign).

In 2023, net cash flow from investing activities amounted to PLN 77.8M, almost most of which related to expenses for the production of the games “Lords of the Fallen” and “Survive”.

Net cash flow from financing activities amounted to PLN 35.3M. This item mainly consists of the use of the credit line net of partial repayment in the fourth quarter of 2023 and financial leasing payments.

IV. MANAGEMENT OF BUSINESS RISK OF THE GROUP

In the opinion of the Management Board of CI Games S.E., no serious circumstances exist, which would suggest inability or existence of serious threats to capability of the Company or the Group to continue or operation in the foreseeable future.

Described below are the key risk factors from the perspective of CI Games Group. Apart from the risk factors presented below, there is a possibility of emergence of other factors, not described below, which have not been identified or which the Group is not aware of. Materialization of risk factors described below, and unidentified ones, may exert negative impact on operating activity of the Group and its financial results or hinder implementation of the Group's strategy, thus influencing its situation.

1. Risk factors related to business environment of the Group

Risks associated with the economic situation

A vast majority of sales of the Group's products are generated on foreign markets - mainly in the territories of North and South America, as well as the key markets of Europe, Asia and Africa.

The global economic situation is of limited significance for activity and results generated by the Group. Impact on the level of sales achieved is exerted by GDP growth rate, the level of disposable income and expenditures of households, salaries, the state fiscal and monetary policy, as well as the level of investment expenditures of enterprises. Worsening of the economic condition of the global market may imply a reduction of consumer spending of households, decreased demand for entertainment products and services. A potential slowdown on the global market may, on the other hand, exert negative impact on profitability expected by the group, as well as the planned development dynamics. Analogical factors impact the level of sales on the Polish market.

The emergence of circumstances described above may have a negative effect on the perspectives for development, results achieved, and financial situation of the Group. Negative trends and events related to the economic situation are beyond control of the Group. The potential negative phenomena emerging on selected markets may translate to the Group's results despite the geographic diversification of its sales structure. However, it should be underlined that the video games market, in which the Group operates, while characterized by high competitiveness and dynamics, is visibly less resilient to potential crisis than other trades. This has been confirmed by research conducted in recent years. To reduce the risk associated with the macroeconomic conditions, the Group has been developing its activity on a global scale.

Risk related to the war in Ukraine

The war in Ukraine started on 24.02.2022. The international community responded by introducing sanctions against Russia and many companies withdraw from Russian and Belarus markets. Other noted consequences included depreciation of the Polish currency, energy price increases, humanitarian crisis, and an increase in inflation rate. These elements may result in risk of deterioration of the Polish and global economies, thus decreasing spending on entertainment. As described in the risk above related to economic situation, this risk is beyond the Group's control.

The Group is monitoring the situation and its potential negative consequences.

Risk associated with the condition of the gaming industry

The video games market, within which CI Games Capital Group operates, is characterized by high competitiveness and dynamics, in particular, quick technological changes, as well as changes in consumer interests and behaviors. Individual companies in CI Games Group, as well as the Group itself, engaging in business activity, are to a certain extent dependent on macroeconomic factors and the general macroeconomic situation. In the opinion of the Management Board of the Company, the video games sector is relatively resilient to potential crises. In order to reduce the risk being discussed, the Group develops its activity on a global scale, engaging on its own in publishing activity in all of the key markets in the world. In recent years, the entertainment sector has developed dynamically, and it is being estimated that the value of the video games market has become higher than that of the film industry. Moreover, research conducted so far shows that even in the period of global economic slowdown (2007-2011

and 2020), demand for video games grew year after year. Due to the above, in the opinion of the Management Board of CI Games S.E., the risk associated with the macroeconomic situation, although recognized (identified) by the Company is of lesser significance for operations of the Company and the Group, and as such, it does not weaken competitiveness of the Company.

Competition risk

The video games market is characterized by a high level of competitiveness. Due to the diversified business model, encompassing development, publishing and distribution of games, the Group is exposed to competition in each of these fields. As for its publishing activity, the Group competes with other entities, both on the global and the domestic market, to be able to sign licenses for attractive titles. In the case of a final product such as a video game, the competition is also global, but focused on acquiring - and sometimes also maintaining - the end client being the recipient (addressee) of video games, that is, the consumer. At present, consumers are offered numerous new products, often featuring similar themes, which results in the risk of reduced interest in individual games of the Group to the advantage of its competitors. A competitive market thus requires constant efforts to improve the quality of products and to search for new market niches and game themes, which could attract a wider audience. Moreover, consolidation processes among entities, which are the Group's competitors, may result in the strengthening of their market position, and thus weaken the position of the Group on the domestic and international markets. Bigger entities usually have at their disposal higher publishing or marketing budgets, which may be of great importance for the success of the game.

The Group makes effective use of its key advantages: an experienced team, a global distribution network, a cost advantage, which is associated with a lower profitability threshold in comparison with other – much bigger – producers. The flat organizational structure, on the other hand, provides the advantage of flexibility, and fast acting, effective management. Since mid-2016, the Group has developed games exclusively for new-generation platforms (Sony PlayStation®4, Microsoft Xbox®One) and PC, and currently also for next-generation consoles – PlayStation 5 and Xbox Series X/S, which have high commercial potential.

Risk associated with the game distribution channels

The Group's products are distributed using traditional channels (sales of boxed products) and digital channels. In recent years, significance of digital channels has increased over the world (in particular, web-based platforms and platforms dedicated to selected consoles), which is associated with specific risk factors. There is a risk of limited access to some platforms, operating on the basis of exclusivity models. In such cases, the group of potential customers may be limited, which, on the other hand, may influence the level of revenues of the Group from distribution of games through such platforms. Moreover, there is a small risk of a change in the mode of distribution of games for individual platforms, particularly in the case of console games, such as switching from distribution using traditional channels to a subscription-based model, in which a player is provided access to a range of games in exchange for a fixed subscription fee. This may influence the level of revenues generated for the Group by a given title, particularly in the period of adaptation after the distribution mode has been changed. An increase in the significance of digital game distribution channels creates favorable conditions for illegal distribution of the Group's products without its consent and knowledge. Illegal acquisition of Group's products by consumers may exert negative impact on the sales levels and financial results of the Group. There is also a risk of exclusion from a given digital platform in association with a failure to comply with all of the regulatory conditions of its use.

Use of such platforms by the Group is associated with a legal risk due to the necessity to accept their regulations, which are usually subject to third country legislation (foreign legal systems). Therefore, the Group carefully selects its suppliers of digital platforms used for sales of games, favoring those entities which have a history of long-term cooperation with the Group. This allows for substantial mitigation of the risk of sudden changes in the rules of cooperation with suppliers of such digital platforms, which would be unfavorable for the Group, allowing the Group to respond early to any potential changes in the rules of cooperation (e.g. changes in regulations, tax legislation etc.)

Risk of changing trends

The CI Games Capital Group operates in the area of new technologies and virtual entertainment, in which the product life cycle is relatively short. It is impossible to rule out the risk of new solutions emerging in the market, which would make the products offer less attractive, hindering generating the appropriate level of proceeds. In order to limit this risk, we have applied the strategy of

following the trends and offering products that have been tested and appreciated by consumers. A trend-setting strategy would be more costly and risky.

The main activity of the Group in this regard consists of constant monitoring of the market in terms of development of new technologies (e.g. 3D) and management of segments created by newly developed consoles, mobile devices, and the Internet.

Risk of legislative changes

Activity of the Group may be subject to the threat of very frequent changes in legislation in Poland and around the world. This particularly applies to legal regulations and interpretations in the field of protection of intellectual property, capital market, labor law and social insurance, taxation law, as well as company law. In some countries, there is a recurring topic of prohibition imposed on video games containing components of abuse. Therefore, there is a risk of amendment of legal provisions in any of the countries, in which the Capital Group offers its products, which might exert negative influence on results of activity of the Group.

Materialization of this risk is beyond the control of the Group and may exert negative influence on its results, although the Issuer monitors on ongoing basis the compliance of regulations applied by the Company and the current legislation. In addition, the Group engages in activities aimed at elimination of this risk through cooperation with specialized law firms around the world and through product civil liability insurance, applicable to its entire catalog of products published.

Risk of changes in tax legislation

Changes in both domestic and foreign taxation law are of significance for the Group. Practices of revenue authorities and judicial decisions in the field of taxation law are not uniform. This gives rise to the risk of adoption by tax authorities of an interpretation of legal provisions different from that applied by the Group, which may lead, among other things, to arrears with revenue offices.

As many contracts concluded by the Group are based on legislation other than Polish law, there is a tax risk resulting from being subject to foreign tax jurisdictions in relation to direct sales to consumers, the risk of correct determination of the payment obligation of withheld tax, proper reporting of taxation plans etc.

The Polish taxation system is characterized by unclear provisions and frequent amendments over short periods of time. Oftentimes, these provisions lack a consistent interpretation, which may lead to the risk of differences in their interpretation between the Group and the tax authorities. In the case of occurrence of such situation, the proper tax authority may impose upon the Group or any of its companies an obligation to pay tax and interest on outstanding tax, and in specific situations, establish the so-called additional tax obligation, which may exert a significant negative impact on financial results of the Group. Moreover, the tax authorities may verify correctness of tax statements submitted by the Group, specifying the amount of the tax obligation, in principle, during a period of five years from the end of the year, in which the tax payment was due. In the case if tax authorities adopt an interpretation of tax regulations different from the interpretation, which served as a basis for calculation of the tax obligation by the Group, this situation may have a significant negative impact on the financial standing of the Group.

Products of the Group are subject to a VAT rate in the amount specified in legal provisions of the state in which they are sold. The risk related to taxation of products (games) may be due to changes in tax rates, which are significant from the Group's perspective.

An additional risk for the Group is associated with changes in indirect tax rates, which may negatively influence the financial condition of the Group. Potential changes in VAT rates may have a negative impact on the profitability of products sold due to reduction of demand among the final users.

Labor law risk

Activity of the Group may be influenced by amendments to legal provisions on employment, including employment of foreigners, most of all with regard to requirements concerning social benefits for employees, provided by the employer. Amendments in this regard may exert impact on the level of costs incurred by the Group. In addition, activity of the Group may be significantly influenced by raises of minimum wages required by legislators in individual countries, as well as amendments to labor law and social welfare law, resulting in restrictions imposed upon hiring of employees on the basis of civil law contracts and the obligation to pay social insurance premiums on civil law contracts that may increase the labor costs of the Group.

The currency risk

Since the Group bears a part of the costs of operation in currencies other than PLN, mainly USD and EUR (PLN constitutes the Issuer's functional and presentation currency), the risk factor faced by the Group is the risk of unfavorable changes in exchange rates. This risk is applicable, in particular, to PLN exchange rates to USD and EUR, as revenues from sales of products are settled in these currencies. Appreciation of the zloty in relation to USD and EUR may exert negative impact on selected items of the financial statement, including, in particular, revenues of sales, which - as the operating costs are incurred partially in PLN, may also exert negative impact on financial results of the Group.

The Parent Entity partially secured itself against the foreign currency risk by incurring liabilities in these currencies.

Risk of technological changes

Technological changes related to, among others, the development of artificial intelligence may significantly affect the operations of the Group and the entire video game industry. The development of new tools in the field of AI brings a number of changes, including in the field of work organization, internal operations and contact with players, including positively through increased work efficiency and reduced operating costs.

2. Risk factors related to activity of the Group

Risk associated with loss of key employees

Successful Group activity depends largely on knowledge and experience of its employees and co-workers. This is typical for the video game industry, as the so-called intellectual copyrights are its key asset. On the market, it is difficult to acquire qualified specialists from the development (game production) industry. Moreover, recruitment of new employees and co-workers is associated with a period of learning of their new duties, resulting in a temporarily lower effectiveness of work.

Risk associated with loss of key clients

Trade activity is conducted on the basis of well-developed retail network channels in Poland and strict cooperation with foreign distributors, having their registered offices around the world. There is a risk of termination of distribution contracts or bankruptcy of companies being the formal purchasers of goods, for which the Group is a creditor. In order to minimize the risk of incurring losses, the Parent Entity has subsidiaries, which are responsible for constant development of distribution opportunities and strict cooperation with distributors. At present, the key role in this regard in the Group is played by a subsidiary seated in New York – CI Games USA Inc.

Risks associated with suppliers

One of the risk categories associated with suppliers is placement of titles on specific console platforms and cooperation with their owners in the process of certification of new titles. A failure to obtain the certification and the possibility of giving a notice of termination of publishing contracts for consoles are the main two risk components, which really exist and may influence the financial results of the Capital Group. It should be underlined, however, that the Group makes particular effort in order to ensure thorough fulfillment of all its obligations based on contracts concluded between these entities and the Group companies. Payments related to publishing of games for consoles constitute the main amount of trade receivables of the Group in the reporting period and are implemented in accordance with all applicable time limits.

Risk associated with completion of development plans

The growing costs of game production may result in increased demand for external financing. The Parent Entity is able to obtain financing from the financial sector if a need arises to finance additional projects.

The strategy of the Group also includes development of publishing operations concerning games created by external development studios on the basis of their creative concepts (the indie segment). A subsidiary of the Issuer is responsible for implementation of the Group's strategy in this regard – United Label S.A, which has signed publishing contracts (agreements for exclusive licenses for the territory of the entire world) with four development studios, located in the United Kingdom and in France. Each of these production studios is at least partially involved in financing their productions (one of them finances it entirely).

A failure to implement the Group's strategy in whole, or in part, may influence the Group's revenues and cash flows in the Group but is not a threat to the stability of the Group and its ability to generate revenues as such.

The risk of copyright claims

Within the framework of production and publishing activity, the Group establishes cooperation with individual external entities rendering services on the basis of various legal relationships (contracts for cooperation – B2B, contracts for specific tasks, other similar contracts). Contracts concluded by the Group vary not only in terms of their type or legal nature, but also in terms of the law and jurisdiction applicable to these contracts or the potential associated litigations, security measures used etc. Contracts concluded by the Group usually contain provisions on use or acquisition by the Company of copyrights to results of these contracts, constituting works as defined by proper legal regulations, provisions on prohibition of competition, confidentiality obligations with regards to specific categories of information etc. In relation to contracts concluded by the Group concerning creation of graphics (assets), maps, models, scenarios, music works and similar and purchase of licenses (e.g. for software), the Group recognizes the risk of a situation, in which transfer of copyrights would have legal defects, be ineffective or fail to provide for the possibility of further resale. Moreover, copyright basics requires precise indication of all fields of use, to which such transfer pertains, and it is not effective if made on the basis of a general clause referring to “all known fields of use”. Therefore, there is a risk that in the case of a failure to recognize a potential field of use, a given work will be used illegally. There is also the risk of third parties transferring their copyrights to works to the Group effectively while copying solutions already available on the market and transferring them as “their own”. Most contracts concluded by entities of the Group pertain to acquisition of copyrights; therefore, it is not possible to exclude the possibility of effective acquisition of these rights being questioned by third persons, and thus claims made by such persons against the Group or its companies with regards to copyrights.

In order to mitigate this risk, the Group uses the services of law firms specializing in protection of intellectual property and registers the trademarks of its products. Submitting an application for protection of trademarks in the territory of the European Union and other countries around the world, we check its availability on individual markets and estimate the risk of violation of third-party copyrights.

The risk of wrong estimation of expenditures and future sales

The Group operates both in the publishing and in the production segment. In the case of publishing activity, the cost of effecting distribution of a game is relatively lower in comparison with its production from scratch. However, in both cases, profitability of a given game and the associated possibility of covering expenses incurred in association with its publishing or in the production process is related directly to market success, which can be measured by the size of demand, the number of products sold and revenues from sales. There is a risk that the Group will wrongly assess the commercial potential of a new title, for instance, a game is not accepted by one of the certification systems, the age category imposed is different than expected, or its promotion is ineffective and the title fails to achieve a market success. This, on the other hand, will have a negative impact on revenues from sales and financial results of the Group.

The Company assesses consumer tastes on the basis of knowledge of market trends, historic data and experience of the Management Board and the staff to match the games with the publishing catalog and engage in production of titles characterized by a high commercial potential and can be published for many platforms. The Group estimates the potential for sales of new titles with due diligence on the basis of many years of experience. Due to the high number of variables that must be estimated prior to the planned product release date, it is not possible to eliminate entirely the risk of wrong estimation of the number of copies and future sales.

Risk of new game titles

The Group's activity is focused on the production of video games. Activity of this kind requires substantial expenditures for development and marketing costs, which limits the Group's ability to diversify the risk and distribute it among different products (titles). As a result, there is risk concentration in the relatively few game titles that are awaiting their debut at a given time. As a result of this risk concentration, if the sales level is lower than expected, the Group is exposed to the risk of a decrease in the level of revenues from sales, and the resulting lower net results and liquidity problems.

Risk of game production delay

Shifts and delays in the release of computer games is a normal phenomenon on the market of computer games. Production of computer games is a complex and costly process, based largely on creative and artistic work, which results in the risk of wrong estimation of the schedule of works on a given title, the risk of technical problems related to programming (e.g. failure of the game to meet the quality requirements or problems with its proper functioning) or lack or insufficient level of financing.

The video games market is driven by expectations associated with the debut of new products. There is a risk that some products will be finished later than planned. This may result in a negative impact on the cash flows generated and the financial result in individual periods.

Internal factors that may result in shifting the release date of the new game are related to defining the time necessary to complete the game production process so that it meets the quality requirements. Publishing a game which fails to meet the Group's high-quality standards, could exert negative impact on revenues from sale of a given product, at the same time damaging its image.

An external factor, which may influence the decision on shifting the release date is the market situation, as the optimum time of publishing of a game – taking into account the publishing schedules of other publishers around the world – is a significant component of the decision-making process. Another significant risk factor is delays of suppliers or subcontractors in preparation of the ordered game components.

A shift in the release date is often related to the marketing component of a "long-awaited game", which exerts positive influence on the process of building of image of the product.

Both in the case of the publishing and production activity of the Company, changes to the original schedule of works may delay the release of a given game, which may, in turn, shift the time of sales of the finished product or – in an extreme case – result in withdrawal from such sales. This, on the other hand, may result in a reduction of revenue from sales and exert negative impact on financial condition of the Group. Although the Group conducts its publishing activity in cooperation with carefully selected development studios, it should be kept in mind that the Group exerts no constant direct control over the production process, which limits its impact on the associated risk. It is also impossible to rule out the possibility that one or more games developed by external studios and published by the Group will generate revenues with a delay in relation to the plan established by the Group or will not be distributed at all.

Risk associated with production of console, smart phone and tablet games

Production of games for consoles and devices with iOS systems requires undergoing a certification system with the platform owner. There is a risk of termination of cooperation with the platform owner, a delay or a failure to obtain certification for the game produced, which may delay the release.

The liquidity risk

The Group may be exposed to a situation in which it is not able to settle its financial liabilities. Moreover, the Group is exposed to the risk of failure by its key business partners to meet their contractual obligations to the Group, in particular, with regard to timely settlement of their liabilities by distributors of games published by the Group. This phenomenon may exert a negative impact on the financial liquidity of the Group, resulting e.g. in the necessity to make impairment allowances for receivables. In order to minimize the risk of undermining or losing financial liquidity, the Group conducts systematic analysis of its financing structure, caring to maintain the proper level of cash necessary for timely settlement of its current liabilities.

V. INFORMATION ON CORPORATE GOVERNANCE

1. Composition of governing bodies of the Issuer

Management Board of the Parent Entity in 2023 was as follows:

Marek Tymiński	CEO, President of the Management Board
David Broderick	Vice President of the Management Board (until 21.02.2024)

Composition of the Supervisory Board of the Company in the period from 1.01.2023 to 17.03.2023 was as follows:

Ryszard Bartkowiak	Chairman of the Supervisory Board
Rafał Berliński	Member of the Supervisory Board
Marcin Garliński	Member of the Supervisory Board
Adam Niewiński	Member of the Supervisory Board
Jeremy M.J. Lewis	Member of the Supervisory Board

As the result of transformation of the Company into an European company on 17.03.2023, it became effective to appoint the following persons to the Supervisory Board. On 12.04.2023, during the first meeting of the Supervisory Board of the Company after its transformation into an European company, the Supervisory Board adopted a resolution to appoint Mr. Marcin Garlinski as a Chairman of the Supervisory Board.

On 29.06.2023, the Ordinary General Meeting of the Company has appointed Mr. Michael Foley to the function of Supervisory Board Member.

On 19.07.2023, Mr. Marcin Garliński resigned from the position of the Chairman of the Supervisory Board. On 19.07.2023 the Supervisory Board appointed Mr. Michael Foley as the Chairman of the Supervisory Board with effective date on 20.07.2023

Marcin Garliński	Chairman of the Supervisory Board from 17.03.2023 until 20.07.2023 and Member of the Supervisory Board from 20.07.2023
Artur Osuchowski	Member of the Supervisory Board
Florian Schuhbauer	Member of the Supervisory Board
Adam Niewiński	Member of the Supervisory Board
Jeremy M.J. Lewis	Member of the Supervisory Board
Michael (Mike) Foley	Member of the Supervisory Board from 29.06.2023 and Chairman of the Supervisory Board from 20.07.2023

2. The shareholding structure of the Parent Entity

The shareholding structure is determined on the basis of formal notices issued by shareholders who control at least 5% of the total number of votes at the General Meeting of Shareholders. The percentage share in the Company's share capital and in the total number of votes at the General Meeting is calculated on the basis of the most recent notices received from Company shareholders as of the date of publication of this report.

On 24.07.2023 (current report 23/2023), the Company received notifications from the shareholder Active Ownership Fund SICAV-FIS SCS, based in Luxembourg, of the purchase of 60 registered series F bonds issued by the Company, with a total nominal value of EUR 6,000,000 entitling to up to 5,400,000 shares in the Company entitling to 5,400,000 votes at the Company's general meeting, which represents 2.87% of the total number of shares and votes at the Company's general meeting (calculated taking into account the increase in the Company's share capital by the issuance of 5,400,000 shares).

Share capital– structure	Number of shares and number of votes	% of votes in the share capital of the Company and in the total number of
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%
Total	182,943,015	100.00%

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

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

Person	Position	As of 31.12.2023	Status as of the date of publication of the report
Marek Tymiński	CEO, President of the Management Board	53,083,570	53,083,570
Marcin Garliński	Member of the Supervisory Board	40,000	40,000

Marek Tymiński, the President of the Management Board of CI Games S.E., holds 53,083,570 shares of the Parent Entity, representing 29.02% of the Issuer's share capital and 29.02% of the total number of votes at the Company's general meeting. As part of the implementation of the 2021-2023 incentive program, Marek Tymiński, on 21.03.2024, took up 3,018,560 series C subscription warrants entitling them to exchange for series J shares.

Marcin Garliński, a member of the Supervisory Board of CI Games S.E. holds 40,000 shares of the Issuer, constituting 0.02% of the share capital of the Issuer and 0.02% of the total number of votes during the general meeting of the Company.

According to the best knowledge of the Company, the remaining members of the Supervisory Board hold no shares of the Company in 2022 and as of the date of the release of this report.

CI Games' management and supervisory personnel do not directly hold any shares in CI Games' affiliates.

4. Information on contracts with the entity authorized to audit financial statements

On 13.07.2021, the Company entered into an agreement with UHY ECA Audyt spółka z ograniczoną odpowiedzialnością sp.k. headquartered in Warsaw (entered on the list of entities authorized to audit financial statements under number: 3115) to perform a semiannual review and audit of the individual and consolidated financial statements for 2021 - 2023. The selection of this entity was made by the Company's Supervisory Board, based on the recommendation of the Audit Committee of the Company's Supervisory Board, in accordance with the Company's policy and procedure for the selection of an audit firm. 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.

The auditing firm - UHY ECA Audyt Spółka z ograniczoną odpowiedzialnością Sp.k., with its registered office in Warsaw, provided permitted non-audit services to the Issuer in 2023, consisting of the assessment of the remuneration report referred to in Article 90g(1) of the Act on Public Offering, Conditions Governing the Introduction of Financial Instruments to Organized Trading, and Public Companies of 29th July 2005 (Journal of Laws 2020, item 2080).

Remuneration of the authorized entity to audit the financial statements of the Company and the Group	Annual net salary (PLN)
Audit of annual financial statements	45,000
Review of financial statements	35,000
Other attestation services	14,250
Audit of the annual report of a subsidiary of United Label S.A.	26,000
Total	120,250

5. Information on contracts known to the Issuer, which may result in future changes in proportions of shares held by the existing stockholders and bondholders

Section 6 below describes the incentive program based on series J shares acquired in exercise of rights from series C subscription warrants and the incentive program based on series K shares acquired in exercise of rights from series D subscription warrants. As a result of the implementation of these programs, there may be a change in the proportion of shares held by existing shareholders.

In addition, the issuance of series F bonds convertible into series L shares, described in section 7 of this chapter, may affect the proportion of shares held by existing shareholders.

6. Information on employee share plan control system

As of the date of publication of this report, the following incentive programs are in operation at the Company, i.e. the 2021-2023 Incentive Program introduced by the Company's General Meeting on 22.06.2021 and the 2023-2025 Incentive Program introduced by the Company's General Meeting on 29.06.2023.

The 2021-2023 Incentive Program

On 22.06.2021, Ordinary General Meeting of the Company adopted resolution no. 19/1/2021 on the establishment of an incentive program addressed to key employees and contractors of CI Games Group, including Members of the Managing Board of CI Games S.A.

Pursuant to this resolution the Company and CI Games Group have adopted a new incentive program based on series J shares. Execution of this program is dependent on CI Games Group financial results, i.e. achievement by the Company and by CI Games Group of one of the following two specific targets, depending on whichever is reached first:

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

In the event one of these targets is achieved, entitled persons will be granted a total of no more than 13,720,726 (thirteen million seven hundred and twenty thousand seven hundred and twenty six) series C subscription warrants with the right to take up 13,720,726 (thirteen million seven hundred and twenty thousand seven hundred and twenty six) ordinary series J bearer shares. However, in the event where one of these targets is exceeded by every additional and consecutive PLN 5,000,000 (five million zloty), the number of warrants granted in connection with the execution of the related goal of the program will be increased by 0.5 percentage points, with the provision that such number may not exceed 7.5% of the total number of Company's shares upon the date of adoption of its incentive program, i.e. 22.06.2021. As a result of the execution of this incentive program, entitled persons serving as the Company's Management Board Members may be granted no more than 50% of the warrants, of which a maximum of 30% of all warrants may be granted to the Company's Chief Executive Officer.

The Company's Managing Board designated persons, who will participate in the incentive program and with respect to Members of the Issuer's Managing Board, such persons were designated by the Company's Supervisory Board. Shares issued as part of the incentive program will be taken up by entitled program participants upon execution of rights arising from subscription warrants series C. Subscription warrants will be taken up free of charge while J series shares will be taken up at an issuing price of PLN 1.26 per share. The issuing price has been set up as weighted average of the shares' price on the regulated market, on which the shares of the Company have been quoted in the first quarter of 2021 decreased by 10% i.e. PLN 1.26. Regulations of this incentive program were adopted by the Company's Ordinary General Meeting with the resolution no. 19/1/2021 dated 22.06.2021.

Pursuant to resolution no. 20/1/2021 of the Ordinary General Meeting of the Company dated 22.06.2021, the Company will issue series C subscription warrants which will entitle their holders to take up series J shares (at a rate of one warrant per one share), excluding in their entirety subscription rights of the Company's shareholders. Furthermore, pursuant to that resolution, it was adopted to conditionally raise the Company's initial capital for the purpose of the above incentive program. The Company's conditional initial capital totals PLN 137,207.26 (one hundred thirty-seven thousand two hundred and seven zloty and twenty six grosze). Upon issuance and after being taken up by entitled persons, series J shares will be admitted into trading on a regulated market managed by the Warsaw Stock Exchange.

According to regulations of the incentive program, series J shares will be subject to a partial lockup so that (i) within 30 (thirty) days of taking up series J shares, each participant of the program will be able to dispose of no more than $\frac{1}{3}$ of the shares taken up; (ii) over the next 30 (thirty) days from the end of the period referred to in letter i) above, each program participant will be able to dispose of the remaining shares, however, such number will not exceed $\frac{1}{3}$ of the shares taken up by such person; (iii) over the next 30 (thirty) day period from the end of the period referred to in letter ii) above, program participant will be able to dispose of the

remaining shares if part of the shares were already disposed of by the deadlines referred to above, or dispose of all shares taken up by such person unless part of the shares was disposed of within the deadlines indicated above.

The duration of the incentive program referred to above covers the years 2021-2024. The Company has entered into agreements to participate in the incentive program with persons designated by the Management Board and with members of the Company's Management Board designated by the Supervisory Board. Realization of the goal of earning a profit of PLN 40,000,000 (forty million zlotys) in fiscal years 2021-2022 enables the Company to grant series C subscription warrants with the right to acquire series J ordinary bearer shares.

On 29.09.2023, the Management Board and the Supervisory Board of the Company adopted executive resolutions on the final verification of the objectives of the Incentive Program aimed at key employees and associates of the CI Games Capital Group, including members of the Board of Directors of CI Games SE, the determination of the final list of eligible employees and associates of the Company to participate in the Incentive Program and the granting of subscription warrants, in which it was stated that the CI Games Capital 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 up to 10,061,865 Series C subscription warrants.

As of the date of this report, the Company is in the process of issuing Series C subscription warrants to eligible persons.

The 2021-2023 Incentive Program

On 29.06.2023, Ordinary General Meeting of the Company adopted resolution no. 21/2/2023 on the establishment of an incentive program addressed to key employees and contractors of CI Games Group, including Members of the Managing Board of CI Games SE. Pursuant to this resolution the Company and CI Games Group have adopted a new incentive program based on series J shares. Execution of this program is dependent on CI Games Group financial results, i.e. achievement by the Company and by CI Games Group of one of the following two specific targets, depending on whichever is reached first:

- i) total net profit of the CI Games Group in fiscal years 2023-2024 in excess of PLN 150,000,000 (one hundred and fifty million zlotys),
- ii) total net profit of the CI Games Group in fiscal years 2023-2025 in excess of PLN 250,000,000 (two hundred and fifty million zlotys).

If the targets are met, the entitled persons will be granted a total of no more than 9,000,000 (nine million) series D subscription warrants with the right to subscribe for 9,000,000 (nine million) series K ordinary bearer shares. In the event that one of these objectives is achieved by each additional 25,000,000 (twenty-five million zlotys) more, the number of warrants allotted in connection with the performance of the related program objective will be increased by 1,000,000 (one million), not to exceed 13,000,000 (thirteen million) warrants in total.

In the event of a material change in the ownership structure of the Company (i.e., a significant change in the shareholding structure of the Company) in relation to the structure existing on the date of adoption of the Resolution of the General Meeting no 21/2/2023 of 29th June 2023, in such a way that after the date of adoption of the said resolution, more than 50% (fifty percent) of the total number of shares in the Company will become the property of one or more shareholders acting in concert, other than the majority shareholder of the Company on the date of adoption of the resolution who is also a member of the Management Board, the shares will not be issued to entitled participants, regardless of whether the Company has already concluded participation agreements with these participants. In the case referred to in the first sentence, the Company shall without any delay, at the first possible date in accordance with the regulations, and unconditionally pay in money to the participants referred to in the previous sentence the amounts corresponding to the product of the difference between the issue price and weighted average (market) price per share over the last 30 (thirty) calendar days until the said change of ownership, multiplied by the number of shares to which these participants were entitled in accordance with the regulations, relevant executive resolutions or participation agreements, and multiplied by the number of full calendar months from the General Meeting as of 29th June 2023 till the change of ownership divided by 24 (twenty-four).

Persons who will participate in the incentive program will be designated by the Company's Management Board, and with respect to the Company's Management Board Members, the entitled persons will be designated by the Company's Supervisory Board. Shares issued under the incentive program will be taken up by entitled participants of the program in exercise of rights from series D subscription warrants. Series D subscription warrants will be acquired free of charge, while series K shares will be acquired at an issue price of PLN 3.50 per share.

Pursuant to resolution no. 22/2/2023 of the Ordinary General Meeting of the Company dated 29.06.2023 the Company will issue series D subscription warrants, which will entitle their holders to subscribe for series K shares (in the ratio of one warrant - one share), with full exclusion of the pre-emptive rights of the Company's existing shareholders. In addition, a conditional increase in the Company's share capital for the purposes of the aforementioned incentive program was adopted on the basis of this resolution. The Company's conditional share capital issued for the purposes of this program is 13,000,000 (thirteen million). Series K shares, once issued and taken up by entitled persons, will be introduced to trading on the regulated market operated by the Warsaw Stock Exchange.

Pursuant to the terms and conditions of the incentive program, series J shares will be subject to partial lock-up in such a way that: a) within the period of 45 (forty-five) days from subscription for the shares, the Shareholder can transfer no more than 1/3 of the shares subscribed for by him/her (partial lock-up); b) within the period of subsequent 45 (forty-five) days from expiry of the period referred to in letter a) above, the Participant can transfer the remaining shares, not exceeding, however, 1/3 of the shares subscribed for by him/her (partial lock-up); c) within the period of subsequent 45 (forty-five) days from expiry of the period referred to in letter b) above, the Participant can transfer the remaining shares if he/she transferred a part of them within the time limits specified in letters a)-b) or transfer all shares subscribed for by him/her if he/she did not transfer them under letters a)-b) above.

The duration of the incentive program, referred to above, covers the years 2023-2026.

7. Convertible bonds issuance

On 29.06.2023. The Ordinary General Meeting of the Company adopted Resolution No. 23/2/2023 on the issuance of convertible bonds, depriving the Company's shareholders in full of their subscription rights to convertible series F bonds, conditionally increasing the Company's share capital, depriving the Company's shareholders in full of their subscription rights to series L shares, and amending the Company's Articles of Association. Pursuant to the resolution, the Company is allowed to issue registered bonds, in one or more series, unsecured, convertible into ordinary bearer shares of the Company's L series, with an aggregate nominal value of these bonds not exceeding EUR 10,000,000 (ten million euros) with a nominal value of EUR 100,000 (one hundred thousand euros) each bond.

The bondholder will have the right to:

- i) the payment of interest on the interest dates provided for in the terms of issue;
- ii) to pay on the redemption date (or on the early redemption date as defined above) the nominal value of each of the Bonds to be redeemed (together with interest accrued up to that date and previously unpaid);
- iii) acquisition of ordinary bearer series L shares of the Company, with a nominal value of PLN 0.01 (one grosz) each.

In addition, for the purpose of the bond issue, a conditional share capital increase of the Company was adopted. The conditional share capital of the Company issued for the purpose of the bond issue is PLN 90,000 (ninety thousand zlotys). The purpose of the conditional share capital increase is to grant holders of convertible bonds the right to acquire up to 9,000,000 (nine million) series L shares with a nominal value of PLN 0.01 (one grosz) each, with full exclusion of the pre-emptive rights of the Company's existing shareholders.

The shares will be taken up by bondholders at an issue price set at no less than PLN 5.50. Series L shares, once issued and taken up by entitled persons, will be introduced to trading on the regulated market operated by the Warsaw Stock Exchange.

The redemption date of the bonds will be on the first anniversary of the date of issuance of the bonds, subject to the possibility of early redemption: (a) at the request of the bondholder(s) - in cases specified in the terms of issue; or (b) at the request of the

Company - on the terms and conditions specified in the terms of issue (in particular, it is permissible to specify in the terms of issue a commission to bondholders for early redemption at the request of the Company).

In execution of the resolution of General Meeting on 14.07.2023 the Management Board adopted a resolution on the issuance of up to 60 (sixty) series F registered bonds, convertible into series L ordinary bearer shares of the Company, with an aggregate nominal value of up to EUR 6,000,000 (six million euros) with a nominal value of EUR 100,000 (one hundred thousand euros) each bond.

On 20.07.2023 the Management Board of the Company adopted a resolution on the allotment of 60 (sixty) series F bonds, registered, unsecured, non-documentary, convertible into series L ordinary bearer shares, with a par value equal to the issue price of EUR 100,000 (one hundred thousand euros) each bond and a total par value of EUR 6,000,000 (six million euros), bearing interest at a fixed annual rate of 8%.

The proceeds from the bond issue until the date of publication of the report on activities were used by the Company for expenditure on the game "Lords of the Fallen" and the promotion of the game.

8. Loan liabilities

As of 31.12.2023 the Company had the following loans liability:

- multi-purpose overdraft limit up to PLN 29M (utilized PLN 28,044 thousand) in PKO BP S.A. This overdraft limit was repaid and closed on 31.01.2024.
- non-renewable credit facility of PLN 20M (utilized PLN 14,998 thousand) used for the production of "Lords of the Fallen" in PKO BP S.A. The loan was repaid and closed on 02.01.2024.

9. Contracts concluded between the Issuer and managing persons, providing for a compensation in the case of their resignation or dismissal without a material reason or if their withdrawal or dismissal results from merger of the Issuer by acquisition

On 02/09/2022, the Supervisory Board adopted Resolution No. 2022/09/02/4 on determining an additional benefit for the President of the Management Board of the Company, pursuant to which President of the Management Board Marek Tyminski was granted the right to a one-time severance payment in the gross amount of PLN 1,115,520 in the event of dismissal of Mr. Marek Tyminski from the position of President of the Management Board of the Company or resignation of Mr. Marek Tyminski from the position of President of the Management Board of the Company, and a cash severance payment in the gross amount of EUR 243,683 by the subsidiary CI Games Mediterranean Projects SL, payable in the event of dismissal or resignation of Mr. Marek Tyminski from his position at CI Games Mediterranean Projects SL. Accordingly, on 14.09.2022, an agreement was concluded between the Company and the CEO regarding the payment of a one-time severance package, and an annex to the employment contract (dated 01.07.2020) was signed between the managing director of CI Games Mediterranean Projects SL, Mr. Marek Tyminski, and CI Games Mediterranean Projects SL and CI Games S.A. on 14.09.2022. Under this annex, Mr. Marek Tyminski was granted the right to a one-time severance payment of EUR 300,000 gross in the event of his dismissal or resignation.

On 02.09.2022, the Supervisory Board passed a resolution on the establishment of an additional benefit for the Vice President of the Company's Management Board, and on 14.09.2022 a relevant agreement was concluded, according to which Vice President David Broderick was granted the right to receive a one-time severance payment in the gross amount of EUR 110,000.00 in the event of his dismissal from the position of Vice President of the Company's Management Board or resignation from the position of Vice President of the Company's Management Board. In connection with the dismissal of Mr. David Broderick from the Company's Management Board, the one-time severance payment was paid by the Company.

10. Remuneration of members of the Management Board and Supervisory Board of CI Games

Information on remuneration is described in Note 34 of the 2023 Consolidated Financial Statements.

In addition, in connection with the Incentive Program for 2021-2023 adopted at the Company, the Chairman of the Board of Directors on 21st March 2024 accepted an offer to acquire 3,018,560 series C subscription warrants convertible into series J shares free of charge.

Information on all liabilities arising from pensions and benefits of a similar nature for former managing and supervising persons or former members of administrative bodies and on liabilities incurred in connection with these pensions, indicating the total amount for each category of the body.

As at 31st December 2023, the Company does not have the above-mentioned liabilities.

11. Information on significant transactions entered into by the Issuer or their subsidiary with related entities

All of the transactions presented below were executed on market conditions. Transactions of the Parent Company with companies belonging to the Group

Transactions in 2023 and balances as of 31.12.2023 [PLN'000]	Costs	Revenues	Receivables	Liabilities
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 capitalized costs

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

Transactions in 2023 and balances as of 31.12.2023 [PLN'000]	Costs	Revenues	Receivables	Liabilities
Fine Dining Sp. z o.o.	-	-	32	-
RAZEM	-	-	32	-

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

Transactions in 2023 and balances as of 31.12.2023 [PLN'000]	Costs	Revenues	Receivables	Liabilities
Marek Tymiński	753	-	-	55
Katarzyna Niewińska	30	-	-	-
RAZEM	783	-	-	55

Transactions with Marek Tymiński, President of the Board, included PLN 693K of commission for placing his shares as a collateral for the bank loan granted to the Company.

Transaction with the shareholder, Active Ownership Fund Sicav-FIS SCS, relates to issuance of convertible bonds series F:

Transactions in 2023 and balances as of 31.12.2023 [PLN'000]	Costs	Revenues	Receivables	Liabilities
Active Ownership Fund Sicav-FIS SCS	501	-	-	27,809
RAZEM	501	-	-	27,809

12. Information on organizational or capital ties between the Issuer and other entities and specification of key domestic and foreign investments

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

CI Games S.E. with a registered office in Warsaw. The share capital is PLN 1,829,430.15. A Parent Entity, engaged in publishing and production activity, managing the CI Games production studio in Warsaw.

United Label S.E. with a registered office in Warsaw. Share capital: PLN 127,500, 93,91% shares held by CI Games S.E. The company is conducting publishing activity.

CI Games USA Inc. with a registered office in the state of Delaware, the United States. Share capital: USD 50,000. 100% shares held by CI Games S.E. CI Games USA Inc. is one of the key subsidiaries in the Group, engaged in distribution and marketing activity on the markets of North and South America.

Business Area sp. z o.o. with a registered office in Warsaw. The company has been included in consolidation from the third quarter of year 2010: 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. The company has been subject to consolidation starting from the first quarter of year 2015. 99.99% of the shares in the company are held by CI Games S.E.; the remaining 0.01% are held by Business Area sp. z o.o.



CI Games S.A. sp.j. with a registered office in Warsaw. 99.99% shares in this company are held by Business Area sp. z o.o.; the remaining 0.01% shares are held by CI Games S.E.

CI Games UK Limited with a registered Office in London, Great Britain. 100% shares held by CI Games S.E.

CI Games Mediterranean Projects, S.L. with a registered office in Barcelona, Spain. 75% shares in this company are held by CI Games S.E. The company is involved in the production of "Project 3" and "Survive".

CI Games Bucharest Studio S.R.L with the seat in Bucharest, Romania. 100% shares owned by CI Games S.E. The company is involved in the production of "Project 3" and Survive games.

13. . Changes in the basic principles of management of enterprise of the Issuer and the Capital Group

On 17.03.2023. the District Court entered CI Games SE in the Register of Entrepreneurs of the National Court Register, on which date the transformation of CI Games S.A. into a European company became effective. In connection with the transformation, the composition of the bodies changed as described in Chapter V, Section 1.

In 2023, there were no other significant changes in the basic management principles of the Company and its Group of Companies. In particular, the Company and its Group companies have not decided to participate in the Group of Companies in accordance with the provisions of the Commercial Companies Code.

On 21.02.2024, the Company's Supervisory Board passed a resolution to dismiss Mr. David Broderick from the Company's Management Board.

On 22.02.2024, the Company's Management Board decided not to proceed with the potential listing of the Company's shares also on the capital market operated by the London Stock Exchange

14. Specification of material proceedings before courts, competent authorities for arbitration proceedings or public administration bodies

On 17th October 2019, the Company filed a lawsuit in the District Court in Warsaw against EP Retail sp. z o.o., EP Office 2 sp. z o.o., EP Office 1 sp. z o.o. and EP Apartments sp. z o. o. based in Warsaw for payment in connection with illegally withdrawn funds under a bank guarantee and overpaid operating costs and for the release of the leased item. The value of the subject matter of the dispute is PLN 893,008.72 (in words: eight hundred ninety-three thousand eight zlotys 72/100). On 30th March 2023, the District Court dismissed the claim in its entirety. On 26th April 2023, the Company filed an appeal to the Court of Appeal in Warsaw. On 27th October 2023, the Court of Appeal in Warsaw issued a judgment dismissing the Company's appeal. On 18th January 2024, the Company filed a cassation appeal against the Judgment of the Court of Appeal to the Supreme Court. As of the date of preparation of this statement, no decision has been made regarding the acceptance of the cassation appeal for consideration by the Supreme Court.

On 21st April 2023, the Client received a lawsuit filed by 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 District Court in Warsaw, in which they demand payment of the amounts of PLN 483,636.15 and EUR 542,645.83 together with interest. The claim consists of claims for payment of a contractual penalty, compensation for damage and reimbursement of costs arising from the lease agreement concluded on 10th November 2017. On 19th May 2023, the Company filed a response to the lawsuit in which it requested the dismissal of the lawsuit. On 27th November 2023, the plaintiff limited the claim for the amount of EUR 252,262.40. As at the date of preparation of this statement, the proceedings have not been completed and are still ongoing.

In March 2024, the subsidiary CI Games MP received two lawsuits from employees related to claims for termination of employment contracts. The employees demand that CI Games MP S.L. be awarded severance pay amounts in the total amount of EUR 29,890.89 and other claims in the amount of EUR 310,924.57.

As at the date of publication of this report, the Company is analyzing the content of the lawsuits and the validity and amount of the claims.

15. Information on significant settlements due to court cases

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

16. Information on non-payment of credits or loans or violations of significant terms and conditions of any loan or credit agreements, with regard to which no remedial action had been taken until the end of the reporting period

As of December 31, 2023, there were no material breaches of loan agreements, that the Company has in PKO BP SA.

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

In 2023, no changes took place in classification of financial assets due to a change in the purpose or use of these assets.

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

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 29m. 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 23.2M and a blank promissory note issued for the benefit of Bank Gospodarstwa Krajowego;
- a notarized declaration of submission to enforcement up to PLN 49.3M in accordance with art. 777 §1, point 5 of Commercial Civil Code.

The credit line was repaid and closed on 31.01.2024.

On 27.03.2023 CI Games SE concluded a loan agreement for the amount of PLN 20M with PKO BP SA for the financing of the production and marketing of the game "Lords of the Fallen". The loan was granted for the period from 27.03.2023 to 30.11.2023.

Collaterals are the following:

- the guarantee issued by Bank Gospodarstwa Krajowego within de minimis guarantee line 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 30m in accordance with art. 777 §1, point 5 of Commercial Civil Code.
- Registered and civil pledge on 10,400 thousand of shares in CI Games SE owned by CEO Marek Tyimiński.

The non-revolving working capital loan was repaid and closed on 02/01/2024. The registered pledge on the shares of CEO Mark Tyminski was legally removed from the pledge register.

Legal case against the Company, which was received by the Company on 21.04.2023 – described in point 14 (Chapter V).

As of the date of this report, there were no other conditional assets nor conditional liabilities.

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

In 2023, neither the Company nor any of its subsidiaries granted any loans or credit sureties or warranties for the amount equivalent to at least 10% of the Company's equity.

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

In 2023 the Company issued series F bonds convertible into L shares, which are described in detail in Chapter V, section 7.

In 2023, as well as until the date of publication of this report, no issue, redemption or repayment of non-equity and equity securities took place.

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 preemptive 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.

21. Information on one or many transactions entered into by the Issuer or any of their subsidiaries with related entities, if these are significant individually or jointly and were concluded on non-market conditions, indicating their value

Significant transactions with related entities have been described in the Note 32 of the Consolidated Financial Report for 2023. Transactions were executed with related entities on the basis of market conditions and they were typical and routine-based transactions.

22. Information on paid (or declared) dividends, in total and per share, by category of ordinary and privileged shares

The Company did not pay dividends in 2023.

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

23. Information about impact of the war in Ukraine on the financial statements of the Group

The war in Ukraine did not have impact on the financial statements of the Company nor the Group. There is no risk of going concern as the Group's operations in Russia and Ukraine are limited.

24. Other information, which, in the opinion of the Management Board of the Company, is significant for assessment of its employment, assets, financial situation, financial result and any changes to the above and information, which is significant for assessment of ability of the Issuer to fulfil their obligations in the reporting period

This clause has been described in the next point.

25. Indication of events and factors that occurred after the date of the annual financial statements, not included in this report, which may nevertheless exert significant impact on the future financial results of the Issuer

In the short term - the Group will continue to sell its most important franchise – “Lords of the Fallen” game, as well as other games from the back catalog: “Sniper Ghost Warrior Contracts”, “Sniper Ghost Warrior Contracts 2” and games from the United Label S.A. portfolio (“RÖKI”, “tails Souls”, “Tails of Iron”). Most of the sales will be generated in digital sales channels.

Medium and long-term plans include further development of “Lords of the Fallen”.

CI Games' internal teams are working on two new titles: “Project Survive” and “Project 3”.

“Project Survive” (working title) will be the third major IP for CI Games, being developed using Unreal Engine 5 for PC and latest-generation consoles. The Company's ambition is to create a massively popular title with genre-leading visuals, a best-in-class gameplay system and a commercially viable theme. The game is scheduled for release in 2025. The project's marketing campaign is expected to launch this summer.

Work on “Project 3” began early this year. Hexworks team is responsible for the production of the title. It is another action RPG game. The release is scheduled for 2026. The title will be available for PlayStation 5, Xbox X/S and PC consoles.

More games are planned for production.

The Group realizes most of its sales revenues in foreign currencies (mainly EUR and USD) and, as a result, currency exchange rates will affect its financial results in the future.

The Group will further develop its product portfolio at both CI Games and United Label S.A. The Group is working on several internally developed game concepts, some of which may be approved for full commercial production and publication. The Group is also in publishing discussions with various development studios around the world.

VI. STATEMENT OF FOLLOWING CORPORATE GOVERNANCE RULES BY CI GAMES SE IN 2023

This Statement of Following Corporate Governance Rules by CI GAMES SE (“**Issuer**”, “**Company**”) in 2023 was prepared pursuant to § 70 section 6 point 5) and § 71 section 4 i 5 of the Regulation of the Minister of Finance of 29th March 2019 on current and periodic information provided by issuers of securities and on conditions under which information required by legal regulations of a third country may be recognised as equivalent (Journal of Laws 2019, 757), Resolution of the Supervisory Board of Giełda Papierów Wartościowych w Warszawie S.A. no. 13/1834/2021 of 9th March 2021 on “Best Practice for GPW Listed Companies 2021 (DPSN2021)” and the Commission Recommendation of 9th April 2014 on the quality of corporate governance reporting (“comply or explain” approach) no. 2041/208/EU.

1. The corporate governance code followed by the company and locations where the code is available

In 2023, the Company followed the corporate governance rules included in the document entitled „Best Practice for GPW Listed Companies 2021” (“**Best Practice**”), as adopted by the Resolution of the Supervisory Board of Giełda Papierów Wartościowych w Warszawie S.A. (“GPW”) No. 13/1834/2021 of 9th March 2021 r.

The wording of the code is available to the general public on GPW website, in the service devoted to the corporate governance at <https://www.gpw.pl/dobre-praktyki2021>.

Information on following by the Company of principles included in “Best Practice” is available on the Company’s corporate website at <http://cigames.com/relacje-inwestorskie/> in section “Corporate Governance”.

In 2023 the Issuer’s Management Board initiated the measures required to ensure strict compliance with the “Best Practice” rules.

The Company did not apply or does not apply the principles of corporate governance that go beyond the requirements set out in the “Best Practice”.

The Company does not apply corporate governance rules that go beyond the requirements set out in national law.

2. The scope in which the company deviated from the above provisions, such provisions and deviation reasons

In 2023 the Issuer followed most corporate governance rules included in the “Best Practice” in whole, except for the rules specified below which were not followed or were followed in a limited scope:

DISCLOSURE POLICY, INVESTOR COMMUNICATIONS

Rule 1.3.1. according to which companies integrate ESG factors in their business strategy, including in particular environmental factors, including measures and risks relating to climate change and sustainable development.

JUSTIFICATION:

The said rule is not followed by the Issuer. Due to the nature of the activities carried out by the Company, its impact on environmental issues, in particular climate change, is negligible. The Company conducts business only in office space, and therefore its activity cannot be considered as characterized by above-average emission of greenhouse gases or substances harmful to health. Therefore, the Company does not currently include ESG issues in its business strategy, covering environmental issues, including measures and risks related to climate change and issues of sustainable development. However, the Company is aware of the climatic changes that are taking place, therefore it strives to reduce electricity consumption and to utilize waste generated as part of its operations. As at the date of publication of this statement, the Company has not made a formal environmental impact assessment, however, taking into account the growing importance of non-financial issues for the Company’s stakeholders, the

Company has taken steps to prepare both the Company and the CI Games Capital Group for full reporting of non-financial data going forward.

Rule 1.3.2. according to which Companies integrate ESG factors in their business strategy, including in particular social and employee factors, including among others actions taken and planned to ensure equal treatment of women and men, decent working conditions, respect for employees' rights, dialogue with local communities, customer relations.

JUSTIFICATION:

The Issuer follows this rule in a limited scope. In its business strategy, the Company does not distinguish between social and employee matters, but the Company respects the principles of gender equality. On the other hand, the working conditions in the Company are adjusted to the activities conducted by it and its scale. The Company proactively cares about relations with customers and business partners. Bearing in mind the increased importance of non-financial issues for the Company's stakeholders, the Company took steps to prepare both the Company and the CI Games Capital Group for full reporting of non-financial data going forward.

Rule no. 1.4. according to which to ensure quality communications with stakeholders, as a part of the business strategy, companies publish on their website information concerning the framework of the strategy, measurable goals, including in particular long-term goals, planned activities and their status, defined by measures, both financial and non-financial. ESG information concerning the strategy should among others:

JUSTIFICATION:

The Issuer follows this rule in a limited scope. The Company has not yet adopted formal solutions related to the assumptions of the strategy in the ESG area. In order to ensure proper communication with stakeholders, the Company publishes information on its strategy on Company's website, however, due to the type and scope of its activities, it does not present financial and non-financial measures relating to the strategy. The Company, striving to increase the value of the Company and the entire CI Games Capital Group, constantly analyzes the current trends observed on the video game market, in order to adapt the publishing plan to the dynamically changing preferences of players, using its resources and competences, and information relevant to investors, presents in periodic reports.

Rule no. 1.4.1 according to which ESG information concerning the strategy should among others explain how the decision-making processes of the company and its group members integrate climate change, including the resulting risks.

JUSTIFICATION:

Taking into account the explanations of the Company presented with regard to the non-application of principles 1.3 and 1.4, the Company indicates that it does not take into account the issues related to climate change in its strategy.

Rule no. 1.4.2 according to which ESG information concerning the strategy should among others present the equal pay index for employees, defined as the percentage difference between the average monthly pay (including bonuses, awards and other benefits) of women and men in the last year, and present information about actions taken to eliminate any pay gaps, including a presentation of related risks and the time horizon of the equality target.

JUSTIFICATION:

Taking into account the explanations of the Company presented with regard to the non-application of principles 1.3 and 1.4, the Company indicates that it does not keep statistics on the ratio of equal remuneration paid to its employees. The amount of

remuneration paid in the Company is determined individually on the basis of factors unrelated to the employee's gender. The Company applies the principle of non-discrimination in remuneration.

Rule no. 1.5. according to which Companies disclose at least on an annual basis the amounts expended by the company and its group in support of culture, sports, charities, the media, social organisations, trade unions, etc. If the company or its group pay such expenses in the reporting year, the disclosure presents a list of such expenses.

JUSTIFICATION:

The Company does not incur any expenses for supporting culture, sports, charities, the media, social organizations, trade unions, etc.

MANAGEMENT BOARD, SUPERVISORY BOARD

Rule no. 2.1., according to which Companies should have in place a diversity policy applicable to the management board and the supervisory board, approved by the supervisory board and the general meeting, respectively. The diversity policy defines diversity goals and criteria, among others including gender, education, expertise, age, professional experience, and specifies the target dates and the monitoring systems for such goals. With regard to gender diversity of corporate bodies, the participation of the minority group in each body should be at least 30%.

JUSTIFICATION:

The Company has not adopted a diversity policy with regard to the management board and the supervisory board. In the opinion of the Company, personnel decisions should be guided by substantive criteria, such as, in particular, qualifications and competences, field of education, specialist knowledge, and professional experience. Differentiation in terms of gender at the level of not less than 30% in a given body of the Company could be the reason for dismissing the current member of the body who was appointed for substantive reasons. In the opinion of the Company, such an appeal would not be justified.

Rule no. 2.2. according to which decisions to elect members of the management board or the supervisory board of companies should ensure that the composition of those bodies is diverse by appointing persons ensuring diversity, among others in order to achieve the target minimum participation of the minority group of at least 30% according to the goals of the established diversity policy referred to in principle 2.1

JUSTIFICATION:

The said rule is not applied with regard to the minimum minority participation rate set at a level not lower than 30%. Members of the Company's Supervisory Board are appointed by the General Meeting of the Company, and Members of the Management Board are appointed by the Company's Supervisory Board. When appointing new persons to the Management Board or the Supervisory Board, the Company's bodies are guided by substantive issues (such as in particular: field of education, specialist knowledge, professional experience). The age and sex of the candidate do not constitute a reliable and appropriate criterion for the Company's bodies in the above-mentioned range.

Rule no. 2.11.5 according to which in addition to its responsibilities laid down in the legislation, the supervisory board prepares and presents an annual report to the annual general meeting once per year. Such report includes at least the following assessment of the rationality of expenses referred to in principle 1.5.

JUSTIFICATION:

Due to the fact that the Company does not apply rule 1.5, this rule is also not applied

Rule no. 2.11.6 according to which in addition to its responsibilities laid down in the legislation, the supervisory board prepares and presents an annual report to the annual general meeting once per year. Such report includes at least the following information regarding the degree of implementation of the diversity policy applicable to the management board and the supervisory board, including the achievement of goals referred to in principle 2.1.

JUSTIFICATION:

Due to the fact that the Company does not apply rule 2.1, this rule is also not applied.

INTERNAL SYSTEMS AND FUNCTIONS

Rule no. 3.2. according to which Companies' organization includes units responsible for the tasks of individual systems and functions unless it is not reasonable due to the size of the company or the type of its activity.

JUSTIFICATION:

The said rule does not apply to the Company. The Supervisory Board of the Company, on the basis of internal evaluation, decided that it is not necessary to separate units responsible for the tasks of individual systems or functions in the structure of the Company, due to the small scale of operations and the size of the Company.

Rule no. 3.5. according to which persons responsible for risk and compliance management report directly to the president or other member of the management board.

JUSTIFICATION:

The said rule is not followed by the Issuer, because no position responsible for risk management, internal audit and compliance has been created in the organizational structures of the Company.

Rule no. 3.6. according to which the head of internal audit reports organizationally to the president of the management board and functionally to the chair of the audit committee or the chair of the supervisory board if the supervisory board performs the functions of the audit committee.

JUSTIFICATION:

The said rule does not apply to the Company, as the Company has not appointed an internal auditor.

Rule no 3.7. according to which principles 3.4 to 3.6 apply also to members of the company's group which are material to its activity if they appoint persons to perform such tasks.

JUSTIFICATION:

The said rule does not apply to the Company. In companies from the CI Games Capital Group, no persons were appointed to perform these tasks.

GENERAL MEETING, SHAREHOLDER RELATIONS

Rule no. 4.3. according to which companies provide a public real-life broadcast of the general meeting.

JUSTIFICATION:

The said rule is not applied by the Company. The Company does not provide publicly available real-life broadcast of the general meetings, as such expectations have not been reported by the Company's shareholders so far. If the shareholders of the Company express their interest in broadcasting the general meetings in real-life, the Company will provide such a broadcast. At the same time, however, the Company allows all shareholders to exercise their voting rights at general meetings, both in person and through a proxy, without any restrictions.

Rule no. 6.4. according to which the supervisory board performs its responsibilities on a continuous basis, the remuneration of supervisory board members cannot depend on the number of meetings held. The remuneration of members of committees, in particular the audit committee, should take into account additional workload on the committee.

JUSTIFICATION:

The rule in question was not fully applied by the Company in 2023 because until 17th March 2023, the Company's Supervisory Board members received remuneration for serving as Supervisory Board members dependent on their attendance at Supervisory Board meetings. From the date of the Company's transformation into a European company, i.e. from 17th March 2023 and in accordance with Resolution No. 6/1/2023 of the Company's General Meeting of the Company on the determination of the principles of remuneration of the members of the Supervisory Board, they receive monthly remuneration.

3. Description of the main features of internal control and risk management systems used at the company concerning the process of preparation of financial statements and consolidated financial statements

To ensure the correctness, reliability, and compliance of financial statements with the law, CI Games and the CI Games Capital Group have implemented an internal control system for accounting and preparation of financial statements. The Management Board of every company belonging to the CI Games Capital Group is responsible for its internal control system and its effectiveness in the preparation of financial statements. Financial data serving as a basis for financial statements is obtained from the accounting, and the financial system used to record transactions under the Company's accounting policy, based on the International Accounting Standards. The Company has implemented and used the proper methods of securing access to data and the computer-based data processing system, including the storage and protection of accounting books and accounting documentation.

Once completed, the Company's financial statements are submitted to the Management Board for final verification. Financial statements approved by the Management Board are handed over to the Supervisory Board to perform tasks as specified in the Code of Commercial Companies, that is, their assessment in terms of compliance with the books and documents and the factual circumstances. The Supervisory Board informs the General Meeting of the assessment results in its annual report.

Annual financial statements of the Company are audited by a qualified and licensed entity selected by the Supervisory Board of the Company, which also reviews the semi-annual statements.

The Company's financial statements are published under the appropriate provisions of the generally applicable law. Risk management is based on an effective internal control system in financial reporting, which aims to ensure the adequacy and correctness of financial information contained in the financial statements and periodic reports published by the Company.

In the process of preparation of financial statements by the Company, one of the essential components of control is verification of the financial statement by an independent auditor, responsible in particular by a review of the semi-annual consolidated financial statement and audit of the individual and consolidated annual financial statements of the Company. The independent auditor (certified auditor) is selected by the Supervisory Board, which passes an appropriate resolution for this purpose. In the year 2023, the entity authorized to review and audit the individual and consolidated financial statements of the Company and CI Games Capital Group was UHY ECA Audyt spółka z ograniczoną odpowiedzialnością with a registered office in Warsaw (01-377), at ul.

Pólczyńska 31A, entered in the register of entrepreneurs of the National Court Register under the number KRS: 0000487588, Statistical Identification Number REGON: 122994138, Tax Identification Number NIP: 6751492461, entered on the list of entities authorized to audit financial statements under the number 3886.

Moreover, a significant role in the process of internal control and risk management concerning the preparation of financial statements at the Company is also played by the Audit Committee of the Supervisory Board of the Company. On 7th November 2017, the Supervisory Board approved the Regulations of the Audit Committee of the Supervisory Board of the Company, amended on 16th September 2021, by the resolution of the Supervisory Board no. 2021/09/16/2. The consolidated text of the Regulations of the Audit Committee is available on the corporate Web page of the Company. On 7th November 2017, the Supervisory Board also approved the Policy for selection of the audit company, available on the corporate Web page of the Company.

4. Indication of the company’s shareholders holding directly or indirectly significant blocks of shares, together with an indication of the number of shares held by these entities, their percentage share in the share capital, the number of votes resulting therefrom and their percentage share in the total number of votes at the general meeting of the company

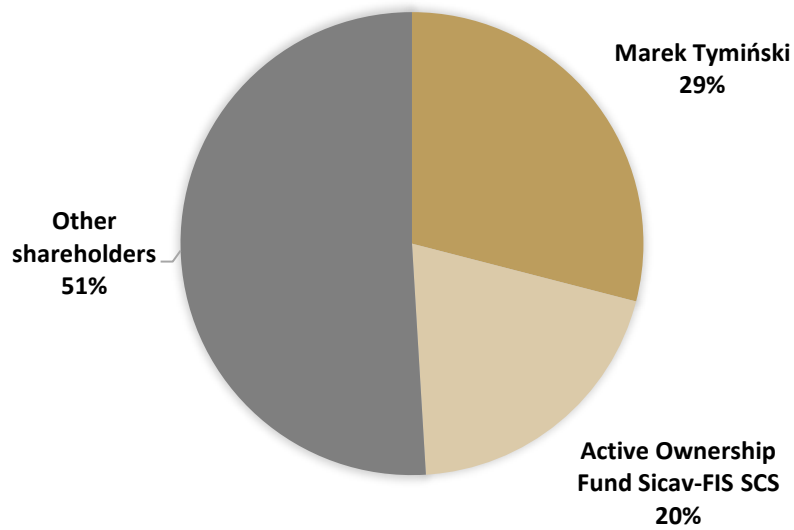
The shareholders of the Company, holding both on 31st December 2023 and on the date of preparation and publication of this statement (as a part of the financial statement of the Company for the year 2023) the Company shares equivalent to at least 5% of the share capital of the Company (the total number of votes in the Company) are: Mr. Marek Tymiński (29.02 % of the total number of votes on the General Meeting of the Company) and Active Ownership Fund Sicav-FIS SCS with a registered office in Luxembourg (20.02 % of the total number of votes on the General Meeting of the Company).

The total number of votes on the General Meeting of the Company as of 31st December 2023, and as of the date of disclosure of this statement of the application of corporate governance principles for the year 2023 is 182,943,015 (in words: one hundred and eighty-two million nine hundred and forty-three thousand and fifteen) votes.

As of 31st December 2023, and as of the date of disclosure of this statement on the application of corporate governance principles for the year 2023, according to statements submitted to the Company under the applicable legal provisions, the shareholding structure of the Company is as follows:

SPECIFICATION	Number of shares held (pcs.)	% Share in the share capital	Number of votes At the AGM	% share in the number of votes at the AGM
Marek Tymiński	53,083,570	29.02%	53,083,570	29.02%
Active Ownership Fund Sicav-FIS SCS	36,618,931	20.02%	36,618,931	20.02%
Other Shareholders	93,240,514	50.96%	93,240,514	50.96%
All shareholders	182,943,015	100%	182,943,015	100%

SHAREHOLDING STRUCTURE IN CI GAMES SE



5. Indication of holders of all securities providing special control rights in the company, along with the description of such rights

There are no Company securities which would provide any special rights for their holders. All shares of the Company are ordinary shares with no personal privileges or privileges related to the shares. Such a shareholding structure provides no special control rights. The only factor determining control over the Company exercised by its Shareholders (during the General Meeting) is the number of shares (the fraction in the share capital of the Company, equivalent to the share of each of the Shareholders in the total number of votes in the Company), which is consistent with the general regulations of the Code of Commercial Companies and with the two major principles applicable to public companies: the „one share - one vote” principle and the principle of proportional rights of shareholders based on the number of shares held by them.

6. Indication of any limitations with regard to exercising of voting rights in the company, such as limitation of exercising of voting rights by holders of a specific part or number of votes, time limitations regarding the exercise of the voting right or statement, according to which the equity rights related to securities are separated from holding of securities

The Company has imposed no limitations regarding exercising voting rights as stated above.

7. Indication of any limitations with regard to the transfer of ownership of securities of the company

As of the date of this statement, the Company has imposed no limitations on the transfer of ownership of the Company’s securities.

On 27th March 2023, President of the Company’s management board and the Company’s majority shareholder, Mr. Marek Tymiński, in order to secure the non-revolving working capital loan agreement between the Company and Powszechna Kasa Oszczędności Bank Polski S.A., established a civil pledge and a registered pledge on 10,400,000 Company shares owned by him. As at the date of this statement, the registered pledge has expired and has been validly removed from the pledge register.

8. A description of the rules of appointment and dismissal of persons managing the company and their rights, in particular, the right to make decisions concerning the issue or buyout of shares

The rules of appointment and dismissal of persons managing the Company are specified in the Code of Commercial Companies and the Statutes of the Company.

In 2023, until 17th March 2023, i.e. the date on which the Company was converted into a European company, the key principles have applied by the Company in this regard were as follows:

- the Supervisory Board determines the number of members of the Management Board, which is within the range of 1 to 5;
- Members of the Management Board are appointed and dismissed by the Supervisory Board for a joint term of office of 5 years;
- The Management Board managed the affairs of the Company and represents the Company before third parties, except for matters reserved to the competencies of the Company's General Meeting or the Supervisory Board.

As of 17th March, i.e. the date on which the Company was converted into a European company, the key rules currently in place at the Company for the appointment and dismissal of persons managing the Company are as follows:

- the Supervisory Board determines the number of members of the Management Board, which is within the range of 1 to 6;
- Members of the Management Board are appointed and dismissed by the Supervisory Board for a joint term of office of 3 years;
- The Management Board manages the affairs of the Company and represents the Company before third parties, except for matters reserved to the competencies of the Company's General Meeting or the Supervisory Board.

The Management Board is not authorized to make independent decisions concerning the issue of shares. Under the applicable regulations of law and the Statutes of the Company, the issue of shares and increasing of the Company's share capital requires an appropriate resolution of the General Meeting. Resolutions concerning the issue or buyout of shares are passed by the General Meeting of the Company. Resolutions of the General Meeting concerning the issue of convertible bonds and bonds with pre-emptive rights to acquire shares, amendments to the Statutes, the redemption of shares, increasing and decreasing of the share capital, are made by 3/4 of the votes, under the provisions of the Code of Commercial Companies. The Company's Management Board is authorized to acquire the Company's shares solely under the provisions of the Code of Commercial Companies concerning the acquisition of its own shares.

9. A description of the principles of amending the statutes of the company

The principles of amending the Statutes are specified in the Code of Commercial Companies, Council Regulation (EC) No 2157/2001 of 8th October 2001 on the Statute for a European company (SE) (Official Journal of the EU.L No. 294, p. 1), and the Company's Statutes. The consolidated text of the Statutes has been published on the Issuer's Web page: www.cigames.com in the section "Investor Relations".

As stated in art. 430 § 1 of the Code of Commercial Companies, any amendment to the Statutes requires a resolution of the General Meeting and a register entry. As stated in art. 402 § 2 of the Code of Commercial Companies, an announcement of convening of the General Meeting of the Company, for which the agenda includes a planned amendment of the Statutes, must contain the currently valid provisions of the Statutes and the text of the planned amendments. If justified by a substantial scope of the planned amendments to the Statutes, the announcement on the convening of the General Meeting may contain a draft of the new consolidated text of the Statutes and a list of the new or amended provisions of the Statutes.

Under the Statutes of the Company, amendment of the Statutes requires a resolution on the subject, passed by a majority of 3/4 (three-fourths) of votes of the Company's General Meeting. Under art. 430 § 1 of the Code of Commercial Companies, an amendment to the Statutes requires a resolution of the General Meeting and an entry in the register (National Court Register).

10. A description of the mode of operation of the general meeting of the company and its fundamental rights and a description of shareholder rights and the manner of exercising of these rights

General Meetings of the Company are held according to the principles specified in the Code of Commercial Companies, the Statutes of the Company, and the Regulations of the General Meeting of Shareholders of the Company. The text of the Statutes of the Company and the text of the Regulations of the General Meeting can be found on the Company's Web page: www.cigames.com in the section "Investor Relations".

General Meetings may be either ordinary or extraordinary. A General Meeting is convened by the Management Board of the Company, and in cases based on provisions of the Code of Commercial Companies - also by the Supervisory Board or Shareholders representing the authorized majority, publishing an announcement on the convening of the General Meeting at least twenty-six days before the planned date of the General Meeting. Persons who are Shareholders of the Company sixteen days before the date of the General Meeting are entitled to participate in the General Meeting.

Issues requiring a resolution of the General Meeting have been specified in provisions of art. 393 and the following of the Code of Commercial Companies and in § 35 of the Statutes of the Company,

The General Meeting is chaired by the Chairman, who signs the minutes of the General Meeting prepared in the form of a notarial deed. Shareholders of the Company may participate in the General Meeting and exercise their voting rights in person or through their representatives.

The detailed rights and obligations of Shareholders of the Company as for their participation in the General Meeting of Shareholders and performance of their voting rights are specified in the Code of Commercial Companies and the Statutes of the Company, as well as the valid provisions of the capital market law. The Company respects the rights of Shareholders based on the generally applicable law and specified in the Statutes of the Company.

11. The composition and rules of operation of management and supervisory bodies of the company and their committees

Management board of the company

Marek Tymiński – President of the Management Board through 2023

David Broderick – Vice-President of the Management Board through 2023 (dismissed 21st February 2024)

Supervisory board of the company

Michael Foley – Chairman of the Supervisory Board (from 20th July 2023, previously from 29th June 2023, Member of the Supervisory Board)

Marcin Garliński – Member of the Supervisory Board (from 12th April 2023 to 20th July 2023 - Chairman of the Supervisory Board)

Jeremy Michael James Lewis – Member of the Supervisory Board

Adam Niewiński – Member of the Supervisory Board

Artur Osuchowski – Member of the Supervisory Board (from 17th March 2023)

Florian Schuhbauer – Member of the Supervisory Board (from 17th March 2023)

Ryszard Bartkowiak – Member of the Supervisory Board (until 17th March 2023)

Grzegorz Leszczyński – Member of the Supervisory Board (until 17th March 2023)

Rafał Berliński – Member of the Supervisory Board (until 17th March 2023)

The rules of operation of the management body and the supervisory body of the Company are specified in the Code of Commercial Companies, the Statutes of the Company and the Regulations of the Management Board, and the Regulations of the Supervisory Board. The Statutes and the Regulations of the Supervisory Board can be found on the Company's Web page: www.cigames.com in the „Investor Relations” section.

Throughout the year 2023, the Company's Management Board operated under the provisions of the Code of Commercial Companies, the Statutes of the Company, and the Regulations of the Management Board. The President of the Management Board acting independently or two Members of the Management Board acting jointly were (are) authorized to represent the Company, including submission of statements of will in the name of the Company. No proxy has been appointed to the Company.

The Company's Management Board is legally bound to act in its best interest; it determines the strategy and key objectives of the activity of the Company and is responsible for their implementation. According to the Code of Commercial Companies, the Management Board manages the Company's affairs.

The Management Board is obliged to operate within the justified economic risk limits. In relation to the Company, Members of the Management Board are subject solely to limitations specified in the Code of Commercial Companies, the Statutes of the Company, the Regulations of the Management Board, resolutions of the Supervisory Board, and resolutions of the General Meeting. The General Meeting and the Supervisory Board must not give binding instructions to the Management Board concerning the management of affairs of the Company.

Resolutions of the Management Board shall be recorded in minutes and shall be adopted by an absolute majority of votes. In the event of an equality of votes, the vote of the President of the Management Board shall be decisive. The Management Board may adopt resolutions in writing or by means of direct remote communication. The detailed rules of proceeding by the Management Board have been specified in the Regulations of the Management Board, adopted by the Management Board, and approved by the Supervisory Board.

The Supervisory Board of the Company constantly supervises all areas of the activity of the Company. The Supervisory Board follows the provisions of the Code of Commercial Companies, the Statutes of the Company, and the Regulations of the Supervisory Board, adopted through a resolution of the Company's General Meeting. The work of the Supervisory Board of the Company was managed by the Chairman, Mr. Ryszard Bartkowiak, until 17th March 2023, from 12th April 2023 to 20th July 2023 by Mr. Marcin Garliński and from 20th July 2023 by Mr. Michael Foley. The Supervisory Board should meet as necessary, at least every quarter of the financial year. Resolutions of the Board of Supervisors are passed by an absolute majority of votes. In the case of equal votes, the voice of the Chairman of the Supervisory Board is decisive. Resolutions of the Supervisory Board are recorded in the minutes and are adopted by an absolute majority of votes. In the event of an equality of votes, the Chairman of the Supervisory Board shall have the casting vote. The Supervisory Board adopts resolutions if at least half of its members are present at the meeting and all members of the Supervisory Board have been notified of the meeting in the prescribed manner. The Supervisory Board may adopt resolutions out of the meeting in writing or by means of direct remote communication. In 2023, the Supervisory Board held 5 meetings.

Audit committee of the supervisory board of the company

Throughout 2023, there was a separate Audit Committee within the Supervisory Board.

Composition of the Audit Committee of the Supervisory Board (until 17th March 2023)

Ryszard Bartkowiak ¹⁾ – Member of the Audit Committee
Rafał Berliński ^{2) 3)} – Member of the Audit Committee
Marcin Garliński ^{1) 3)} – Chairman of the Audit Committee

Composition of the Audit Committee of the Supervisory Board (from 17th March 2023)

Artur Osuchowski ¹⁾ – Chairman of the Audit Committee
Adam Niewiński ^{2) 3)} – Member of the Audit Committee
Marcin Garliński ^{1) 3)} – Member of the Audit Committee

- 1) independent members of the Audit Committee.
- 2) Members of the Audit Committee with knowledge and skills in the field of accounting or auditing of financial statements referred to in the regulations art. 129 section 1 and 3 Act of 11th May 2017 on statutory auditors, audit firms and public supervision (Journal of Laws 2020, 1415; „Act on Statutory Auditors”), acquired in the course of obtaining higher education and due to the positions held in business entities.
- 3) Audit Committee members with knowledge and skills in the industry in which the Issuer operates, acquired during many years of cooperation with entities from the gaming and IT industry

Pursuant to the provisions of art. 130 of the Act on Statutory Auditors, the tasks of the audit committee include in particular:

- 1) the monitoring of:
 - a. procesu sprawozdawczości finansowej, the financial reporting process,
 - b. effectiveness of the internal control system, as well as risk management and internal audit systems, also with regard to financial reporting,
 - c. performance of financial auditing activities, in particular auditing by the audit firm, taking into consideration the conclusions and findings of the Agency resulting from the inspection carried out in the audit firm;
- 2) control and monitoring of independence of the statutory auditor and the audit firm, especially, if the audit firm provides to the public interest entity services other than auditing;
- 3) informing the supervisory board or other supervisory body of the public interest entity about audit results and explanation of how this audit contributed to reliability of financial reporting in the public interest entity, as well as what was the role of the audit committee in the audit process;
- 4) assessment of independence of the statutory auditor and expressing consent to for his/her provision of acceptable services other than audits in the public interest entities;
- 5) preparation of the policy of selecting the audit firm to conduct the audit;
- 6) preparation of the policy of providing acceptable services other than auditing by the audit firm conducting the audit, its affiliates and by a member of the audit firm’s network;
- 7) determination of procedures of selecting the audit firm by the public interest entity;
- 8) presenting the supervisory board with recommendations regarding the appointment of statutory auditors or audit firms;
- 9) submission of recommendations aimed at ensuring reliability of the financial reporting process in the public interest entities.

In 2023, no non-audit services were provided to the Issuer by the audit firm auditing its financial statements (UHY ECA Audyt spółka z ograniczoną odpowiedzialnością, based in Warsaw). In 2023 UHY ECA Audyt spółka z ograniczoną odpowiedzialnością with its registered office in Warsaw provided an attestation service consisting in the assessment of the Company's 2023 remuneration report in accordance with Art. 90g. section 10 of the Act of 29th July 2005 on Public Offering and Conditions for Introducing Financial Instruments to the Organised Trading System and on Public Companies (Journal of Laws 2021 item 1983).

The current policy of audit company selection was adopted by the Company on 7th November 2017, and published by the Company as the current report no. 66/2017. Under the policy:

the entity authorized to audit the Company’s financial statements is selected by the Company’s Board of Supervisors, following the Audit Committee’s recommendations. It is prohibited to introduce any contractual clauses that would force the Board of Supervisors to select the entity authorized to perform audits from a specific category or list of entities authorized to conduct audits. The Board of Supervisors and the Audit Committee comply with the following guidelines concerning the audit company, during the final selection of the audit company and the preparation of the recommendation, respectively:

- 1) confirmation of neutrality and independence of the entity;
- 2) ensuring the performance of the required scope of services, taking into account the time limits specified by the Company;
- 3) professional qualifications and experience of persons involved in the audit;

- 4) the experience of the entity in auditing entities of public interest and auditing entities with a similar profile of operation;
- 5) the experience of the entity in auditing financial statements of companies listed on the Warsaw Stock Exchange;
- 6) the reputation of the entity authorized to perform audits on financial markets;
- 7) the price proposed by the entity authorized to conduct the audit.

The maximum time of continuous commissioning of statutory audits conducted by the same auditing company or an entity related to this audit company, or a member of its network must not exceed five years. The key statutory auditor may perform the statutory audit again after at least three years from completing the last statutory audit.

The audit company selection procedure takes place as follows:

- a) Based on guidelines provided by the Audit Committee, the Management Board sends letters of inquiry to selected entities authorized to perform audits, provided that these entities meet the requirements concerning the established rotation of the entity authorized to conduct audits and the key statutory auditor;
- b) the letters of inquiry should be sent by the end of the first quarter of the financial year, for which the financial statement is audited;
- c) the offers of auditing companies are presented to the Audit Committee;
- d) members of the Audit Committee analyze the offers of auditing companies received, including, in particular, organization of meetings with selected representatives of auditing companies, which have presented their proposals, and prepare a recommendation for selection of the auditing company by the Board of Supervisors, in which:
 - i. they indicate the auditing company, which is proposed to be entrusted with the statutory audit,
 - ii. they state that the recommendation is free from any influence by third parties,
 - iii. they state that the Company has not entered into agreements containing clauses referred to in art. 66 section 5a of the Act of 29th September 1994 on accounting (Journal of Laws of 2021 item 217),
- e) if the selection of the auditing company does not involve the extension of a contract for auditing financial statements, the recommendation of the Audit Committee should provide for at least two options of selection of the auditing company with a justification and an indication of a justified preference of the Audit Committee for one of these;
- f) the auditing company, which is to perform the audit of the Company's financial statements, is selected by the Board of Supervisors, unless the laws and regulations and the Statutes of the Company state otherwise, taking into account the principles of auditing financial statements, based on the generally applicable law;
- g) if the decision of the Board of Supervisors on the selection of the auditing company is different from the recommendation of the Audit Committee, the Board of Supervisors justifies the reasons for non-compliance with the recommendation of the Audit Committee and presents this justification for the information of the Management Board of the Company;
- h) selection of the auditing company by the Board of Supervisors should take place until the end of the second quarter of the financial year, for which the financial statements are to be audited;
- i) the Management Board enters into an agreement with the selected auditing company for performing an audit of the Company's financial statements. The agreement should be concluded within the time limit enabling the auditing company to participate in the stocktaking of assets of the Company;
- j) in the case of a statutory audit, as defined in art. 2 clause 1 of the Act on statutory auditors, auditing companies, and public supervision, the first agreement for audit of a financial statement is concluded with the auditing company for a period not shorter than two years, with the possibility of extending it to subsequent periods of at least two years each. The Company covers the cost of audit of financial statements;
- k) The Board of Supervisors follows the principle of rotation of the key statutory auditor, under the legal provisions in force;

- l) upon selection of the auditing company, the Company's Management Board discloses to the general public the information on appointment by the Board of Supervisors of the entity authorized to audit the Company's financial statements.

The policy of rendering additional services by the auditing company, any entity related to the auditing company, or its network member is as follows:

- a) neither the statutory auditor nor the auditing company performing the statutory audits of the Company nor the entity related to the auditing Company nor any member of the network, to which the statutory auditor or the auditing company belong, render on behalf of the Company or any entities related to the Company, directly or indirectly, any prohibited services other than auditing of financial statements or financial audit tasks;
- b) prohibited services are not services listed in art. 136 section 2 of the Act on statutory auditors;
- c) rendering of services referred to in letter b) above is only possible to the extent not related to the taxation policy of the Company, after the Audit Committee has conducted an assessment of threats and securing of independence and upon the consent of the Audit Committee;
- d) in appropriate cases, the Audit Committee issues guidelines regarding the services.

A recommendation on the selection of the auditing company to audit the financial statements, that is, UHY ECA Audyt spółka z ograniczoną odpowiedzialnością with a registered office in Warsaw, met the conditions specified in the provisions of the general law and was prepared following the selection procedure organized by the Issuer, meeting the applicable criteria.

In 2023, the Audit Committee held 4 meetings dedicated to the performance of obligations of the Audit Committee.

12. Indication of material proceedings before courts, competent authorities for arbitration proceedings or public administration bodies, pertaining to liabilities and claims of the company or its subsidiaries.

On 17th October 2019, the Company filed a lawsuit in the District Court in Warsaw against EP Retail sp. z o.o., EP Office 2 sp. z o.o., EP Office 1 sp. z o.o. and EP Apartments sp. z o.o. based in Warsaw for payment in connection with illegally withdrawn funds under a bank guarantee and overpaid operating costs and for the release of the leased item. The value of the subject matter of the dispute is PLN 893,008.72 (in words: eight hundred ninety-three thousand eight zlotys 72/100). On 30th March 2023, the District Court dismissed the claim in its entirety. On 26th April 2023, the Company filed an appeal to the Court of Appeal in Warsaw. On 27th October 2023, the Court of Appeal in Warsaw issued a judgment dismissing the Company's appeal. On 18th January 2024, the Company filed a cassation appeal against the Judgment of the Court of Appeal to the Supreme Court. As of the date of preparation of this statement, no decision has been made regarding the acceptance of the cassation appeal for consideration by the Supreme Court.

On 21st April 2023, the Client received a lawsuit filed by 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 District Court in Warsaw, in which they demand payment of the amounts of PLN 483,636.15 and EUR 542,645.83 together with interest. The claim consists of claims for payment of a contractual penalty, compensation for damage and reimbursement of costs arising from the lease agreement concluded on 10th November 2017. On 19th May 2023, the Company filed a response to the lawsuit in which it requested the dismissal of the lawsuit. On 27th November 2023, the plaintiff limited the claim for the amount of EUR 252,262.40. As at the date of preparation of this statement, the proceedings have not been completed and are still ongoing.

In March 2024, CI Games MP's subsidiary received two lawsuits from employees related to termination claims. The employees are demanding that CI Games MP be ordered to pay them severance pay in the total amount of EUR 29,890.89 and other claims in the amount of EUR 310,924.57. As of the date of publication of this report, the Company is analyzing the content of the lawsuits and the validity and amount of the claims.



VII. APPROVAL OF THE MANAGEMENT REPORT FOR 2023

Management Board of CI Games SE

Marek Tymiński

CEO, President of the Management Board

Warsaw, 17th April 2024