



CAPITAL GROUP GI GAMES

**QUARTERLY FINANCIAL REPORT FOR THE PERIOD
FROM 1 JULY TO 30 SEPTEMBER 2021**

Warsaw, 22 November 2021

Key financial highlights of the Group

	PLN'000		EUR'000	
	9M2021	9M2020	9M2021	9M2020
Net revenue from sales	81,882	34,781	17,963	7,830
Operating profit	31,359	6,182	6,879	1,329
<i>EBIT margin (%)</i>	<i>38.3%</i>	<i>17.8%</i>	<i>38.3%</i>	<i>17.0%</i>
EBITDA	48,869	20,869	10,720	4,635
<i>EBITDA margin (%)</i>	<i>59.7%</i>	<i>60.0%</i>	<i>59.7%</i>	<i>59.2%</i>
Net profit	27,219	5,080	5,971	1,144
<i>Net profit margin (%)</i>	<i>33.2%</i>	<i>14.6%</i>	<i>33.2%</i>	<i>14.6%</i>
Weighted average no of shares (thousands)	182,943	161,943	182,943	161,943
Earnings per share (PLN/share)	0.15	0.03	0.03	0.01
Net cash flows from operating activities	47,984	33,505	10,526	7,543
Net cash flows from investing activities	(33,237)	(15,945)	(7,291)	(3,590)
Net cash flows from financing activities	(383)	4,014	(84)	904
Total net cash flow	14,364	21,574	3,151	4,857
	30.09.2021	31.12.2020	30.09.2021	31.12.2020
Cash and cash equivalents	42,155	28,207	9,099	6,112
Total assets	150,272	110,287	32,436	23,899
Own equity	123,659	96,544	26,691	20,921
Share capital	1,829	1,829	395	396
Debt (finance lease liability)	4,948	6,191	1,068	1,342

Key events in the Group

Financial results

- Our portfolio of genre-leading games delivered record financial results in the 3Q 2021: EBITDA margin at 59.1% (59.7% in the period of 9M 2021) and net profit of 41.8% (33.2% in the period of 9M2021).
- Consolidated revenue of PLN 32.7 million in Q3 2021 reflected substantial contributions from our existing games franchise, *Sniper Ghost Warrior*, together with revenues from new releases from United Label in the 3Q2021.
- Cash balance of PLN 42.2 million as of 30 September 2021 (30 June 2021: PLN 20.2 million) even after investment of PLN 14.0 million during Q3 2021 in development of new titles for release.
- As of 30.09.2021, net book value of development works was PLN 72.1 million, wherein PLN 49.8 million was attributable to development works in progress and PLN 22.3 million related to completed development projects.

Events in the game area

- In Q3 2021, United Label published two new titles, *Eldest Souls* and *Tails of Iron*. Both delivered strong commercial performances, in addition to positive user reviews and high Metacritic scores.
- CI Games and BatFields s.r.o. concluded an agreement for the development of a new title in the popular survival genre. The game will be developed by BatFields in cooperation with key members of the CI Games' internal team, in particular, art and creative directors, technical directors, and project leaders. Planned to release on PC platforms and the latest console generations, the game will be developed on Unreal Engine 5.
- *Lords of the Fallen 2* is currently in full production, aiming to be content complete in April 2022. The marketing campaign is planned to commence in Q1/Q2 2022.
- Following the success of *Sniper Ghost Warrior Contracts 2*, released in June 2021, the Warsaw development team is currently working on the next installment in the *Sniper Ghost Warrior* franchise.

Multiplayer component to be part of every major release

- While our games will continue to prioritize a single player experience at their core, going forward we will also implement a multiplayer component to every title, specifically designed for each.
- The multiplayer component will help bring individual games from our publishing portfolio to an accordingly wider audience.

Organization further strengthened its presence on the international market

- Former SEGA commercial lead, Sam Sadeghi, joined the Group in a newly formed role, VP of Global Sales.
- The organization continued to grow during Q3 2021. As of 30 September 2021, total headcount was 156, working from multiple geographic locations. This is one of the key competitive advantages of the Group.

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SELECTED FINANCIAL INFORMATION

Consolidated Profit and Loss Accounts	for the period from 1.01 to 30.09.2021		for the period from 1.01 to 30.09.2020	
	PLN'000	EUR'000	PLN'000	EUR'000
	Net revenue from sales	81,882	17,963	34,781
Profit (loss) from operating activities	31,359	6,879	6,182	1,329
Gross profit (loss)	33,584	7,367	6,259	1,409
Net profit (loss)	27,219	5,971	5,080	1,144
Weighted average number of shares (in thousands)	182,943	182,943	162,709	162,709
Net profit (loss) per ordinary share attributable to equity owners of the Parent	0.14	0.03	0.03	0.01

Consolidated Statement of cash flow	for the period from 1.01 to 30.09.2021		for the period from 1.01 to 30.09.2020	
	PLN'000	EUR'000	PLN'000	EUR'000
	Net cash flows from operating activities	47,984	10,526	33,505
Net cash flows from investing activities	(33,237)	(7,291)	(15,945)	(3,590)
Net cash flows from financing activities	(383)	(84)	4,014	904
Net cash flows	14,364	3,151	21,574	4,857

Consolidated Balance sheet	as of 30.09.2021		as of 31.12.2020	
	PLN'000	EUR'000	PLN'000	EUR'000
	Non-current assets	80,190	17,309	69,137
Current assets	70,082	15,127	41,150	8,917
Total assets	150,272	32,436	110,287	23,899
Equity	123,659	26,691	96,544	20,921
Initial capital	1,829	395	1,829	396
Liabilities	26,613	5,744	13,743	2,978
Non-current liabilities	8,068	1,741	8,173	1,771
Current liabilities	18,545	4,003	5,570	1,207
Total equity and liabilities	150,272	32,436	110,287	23,899

Exchange rates PLN/EUR

Average exchange rate for 9M 2021	4.5585
Average exchange rate for 9M 2020	4.4420
Exchange rate as of 30.09.2021	4.6329
Exchange rate as of 31.12.2020	4.6147

I.

KEY FINANCIAL DATA OF CI GAMES CAPITAL GROUP

CONSOLIDATED STATEMENT OF FINANCIAL CONDITIONS

ASSETS	as of 30.09.2021	as of 30.06.2021	as of 31.12.2020	as of 30.09.2020
	PLN'000	PLN'000	PLN'000	PLN'000
A. Non-current assets	80,190	71,093	69,137	60,677
Property, plant and equipment	1,672	1,179	437	386
Intangible assets	72,331	59,136	55,749	53,838
Advances for intangible assets	-	4,687	3,238	2,882
Right-to-use asset	4,640	4,888	6,484	688
	-	-	-	20
Deferred tax asset	1,547	1,203	3,229	2,863
B. Current assets	70,082	58,048	41,150	41,915
Inventory	2,814	2,362	1,576	2,137
Current investments	2,340	1,882	431	-
Advances granted	112	189	67	34
Trade receivables	15,545	29,086	6,833	6,260
Tax receivables	-	-	432	-
Cash and cash equivalents	42,155	20,178	28,207	28,202
Other current assets	7,116	4,351	3,604	5,282
Total assets	150,272	129,141	110,287	102,592

LIABILITIES & EQUITY	as of 30.09.2021	as of 30.06.2021	as of 31.12.2020	as of 30.09.2020
	PLN'000	PLN'000	PLN'000	PLN'000
A.	123,659	110,079	96,544	94,482
Share capital	1,829	1,829	1,829	1,829
Share premium	78,653	78,653	78,653	78,647
	4,433	-	-	-
Reserve capital for the acquisition of shares	16,000	16,000	16,000	16,000
Dividend capital	1,017	1,017	1,017	1,017
Reserve capital	(5)	(5)	(5)	-
Exchange differences from converting version units	308	365	412	371
Retained earnings	20,465	12,061	(1,531)	(3,391)
including profit for the period	26,429	13,592	6,959	5,099
Equity attributable to owners of the Parent	122,700	109,920	96,375	94,473
Equity attributable to non-controlling interests	959	159	169	9
B. LIABILITIES	26,613	19,062	13,743	8,110
Non-current liabilities	8,068	8,878	8,173	3,395
Finance lease liabilities	4,261	4,555	5,867	-
Deferred income tax provision	3,807	4,323	2,306	3,395
Current liabilities	18,545	10,184	5,570	4,715
Borrowings including credits, loans and other debt instruments	-	1	33	7
Income tax liabilities	2,183	11	-	287
Trade liabilities	4,473	5,823	3,169	2,492
Finance lease liabilities	687	405	324	403
Other liabilities	6,409	846	586	224
Other current provisions	4,645	2,915	862	769
Deferred revenues	148	183	596	533
Total equity and liabilities	150,272	129,141	110,287	102,592

CONSOLIDATED PROFIT AND LOSS ACCOUNT AND COMPREHENSIVE INCOME



Statement of comprehensive income	for the period from 1.01 to 30.09.2021	for the period from 1.07 to 30.09.2021	for the period from 1.01 to 30.09.2020	for the period from 1.07 to 30.09.2020
	PLN'000	PLN'000	PLN'000	PLN'000
Continuing operations				
Net revenue from sales	81,882	32,658	34,781	7,744
Revenue from sale of products and services	81,882	32,658	34,781	7,744
Revenue from sale of goods and materials	-	-	-	-
Costs of products, goods and services sold	(32,131)	(11,763)	(19,780)	(4,539)
Manufacturing cost of products sold	(32,131)	(11,763)	(19,780)	(4,539)
Value of goods and materials sold	-	-	-	-
Gross profit (loss) on sales	49,751	20,895	15,001	3,205
Other operating revenues	907	17	213	82
Selling costs	(13,296)	(4,233)	(4,414)	(1,041)
General and administrative costs	(5,449)	(2,131)	(4,085)	(1,203)
Other operating expenses	(554)	(505)	(533)	(35)
Profit (loss) on operating activities	31,359	14,043	6,182	1,008
Financial revenues	2,404	2,010	397	(488)
Financial expenses	(179)	(107)	(320)	(53)
Profit (loss) before tax	33,584	15,946	6,259	467
Income tax	(6,365)	(2,309)	(1,179)	(127)
current tax due	(3,180)	(3,169)	(902)	(803)
deferred tax	(3,185)	860	(277)	676
Profit (loss) on continuing operations	27,219	13,637	5,080	340
Discontinued operations	-	-	-	-
Loss from discontinued operations	-	-	-	-
Net profit (loss)	27,219	13,637	5,080	340
- net profit (loss) attributable to equity owners of the Parent	26,429	12,837	5,099	340
- net profit (loss) attributable to non-controlling interest	790	800	(19)	-
Total other comprehensive income, including:				
Foreign exchange differences from translation of foreign entities	(104)	(57)	(42)	(95)
Total income for the financial year	27,115	13,580	5,038	245
- total net comprehensive income attributable to equity owners of the Parent	26,325	12,780	5,057	245
- total net comprehensive income attributable to non-controlling	790	800	(19)	-
Net profit (loss) attributable to equity owners of the Parent	26,429	12,837	5,099	340
Weighted average number of shares in the period (in thousands)	182,943	182,943	162,709	164,226
Net profit (loss) per ordinary share attributable to equity owners of the Parent (in PLN)	0.14	0.07	0.03	0.00

CONSOLIDATED CASH FLOW STATEMENT

(indirect method)

	for the period from 1.01 to 30.09.2021	for the period from 1.07 to 30.09.2021	for the period from 1.01 to 30.09.2020	for the period from 1.07 to 30.09.2020
	PLN'000	PLN'001	PLN'000	PLN'000
Cash flows from operating activities				
Gross profit (loss)	33,584	15,946	6,259	467
Total adjustments	14,400	21,189	27,246	8,157
Depreciation	17,510	5,267	14,687	3,157
Impairment loss (reversal)	-	-	110	(1)
Profit (loss) on foreign exchange differences	470	595	39	166
Interest	(38)	(73)	83	11
Comission on loans	-	-	201	2
Change in receivables	(8,275)	13,541	13,678	4,224
Change in inventory and prepayments	(1,283)	(375)	845	201
Change in trade and other payables	7,021	4,156	(2,087)	(428)
Change in employee benefit provisions and liabilities	3,783	1,740	48	(173)
Change in other current assets	(3,343)	(2,630)	(191)	1,282
Tax paid	(997)	(997)	(616)	(616)
Deferred revenues	(448)	(35)	443	332
Other adjustments	-	-	6	-
Net cash flows from operating activities	47,984	37,135	33,505	8,624
Cash flows from investing activities				
Cash outflows on acquisition of property, plant and equipment and intangible assets	(2,898)	(799)	(2,088)	(1,980)
Cash outflows on development works	(28,488)	(13,354)	(13,837)	(4,553)
Cash outflows on acquisition of financial assets	-	-	(20)	(20)
Cash outflows on loans granted	(1,851)	(596)	-	-
Net cash from investing activities	(33,237)	(14,749)	(15,945)	(6,553)
Cash flows from financing activities				
Net proceeds from the issue of shares and other capital instruments	-	-	29,127	26,140
Incurrence of borrowings	-	-	-	(25)
Repayment of borrowings	(33)	(1)	(24,044)	(12,467)
Repayment of finance lease liabilities	(333)	(43)	(517)	(163)
Interest	(17)	(1)	(351)	(89)
Other financial outflows	-	-	(201)	(2)
Net cash from financing activities	(383)	(45)	4,014	13,394
Total net cash flows	14,364	22,341	21,574	15,465
Exchange differences on cash	416	364	31	31
Balance sheet changes in cash and cash equivalents	13,948	21,977	21,543	15,434
Cash and cash equivalents at the beginning of the period	28,207	20,178	6,659	12,768
Cash and cash equivalents at the end of the period	42,155	42,155	28,202	28,202
<i>Including restricted cash</i>	-	-	-	-

STATEMENT OF CHANGES IN CONSOLIDATED EQUITY

For the period from 01.01. to 30.09.2021	Share capital	Share premium	Surplus capital	Reserve capital for buyback of own shares	Share dividend	Differences from translation	Reserve capital	Retained earnings	Own equity of the Parent	Own equity of non controlling interest	Equity
PLN'000											
As of 01.01.2021	1,829	78,653	-	16,000	1,017	412	(5)	(1,531)	96,375	169	96,544
As of 01.01.2021, upon coversation	1,829	78,653	-	16,000	1,017	412	(5)	(1,531)	96,375	169	96,544
CHANGES IN EQUITY											
Profits and losses in the period	-	-	-	-	-	-	-	26,429	26,429	790	27,219
Other	-	-	-	-	-	-	-	-	-	-	-
Issue of shares	-	-	-	-	-	-	-	-	-	-	-
Translation differences	-	-	-	-	-	(104)	-	-	(104)	-	(104)
	-	-	4,433	-	-	-	-	(4,433)	-	-	-
As of 30.09.2021	1,829	78,653	4,433	16,000	1,017	308	(5)	20,465	122,700	959	123,659

For the period from 01.01. to 31.12.2020	Share capital	Share premium	Surplus capital	Reserve capital for buyback of own shares	Share dividend	Differences from translation	Reserve capital	Retained earnings	Own equity of the Parent	Own equity of non controlling interest	Equity
PLN'000											
As of 01.01.2020	1,619	49,759	-	16,000	1,017	413	-	(8,490)	60,318	-	60,318
As of 01.01.2020, upon coversation	1,619	49,759	-	16,000	1,017	413	-	(8,490)	60,318	-	60,318
CHANGES IN EQUITY											
Profits and losses in the period	-	-	-	-	-	-	-	6,959	6,959	138	7,097
Other	-	-	-	-	-	-	(5)	-	(5)	31	26
Issue of shares	210	28,894	-	-	-	-	-	-	29,104	-	29,104
Translation differences	-	-	-	-	-	(1)	-	-	-	-	-
As of 31.12.2020	1,829	78,653	-	16,000	1,017	412	(5)	(1,531)	96,375	169	96,544

For the period from 01.01. to 30.09.2020	Share capital	Share premium	Surplus capital	Reserve capital for buyback of own shares	Share dividend	Differences from translation	Reserve capital	Retained earnings	Own equity of the Parent	Own equity of non controlling interest	Equity
PLN'000											
As of 01.01.2020	1,619	49,759	-	16,000	-	413	-	(7,473)	60,318	-	60,318
Change in presentation	-	-	-	-	1,017	-	-	(1,017)	-	-	-
As of 01.01.2020, upon coversation	1,619	49,759	-	16,000	1,017	413	-	(8,490)	60,318	-	60,318
CHANGES IN EQUITY											
Profits and losses in the period	-	-	-	-	-	-	-	5,099	5,099	(19)	5,080
Other	-	-	-	-	-	-	-	-	-	28	28
Issue of shares	210	28,888	-	-	-	-	-	-	29,098	-	29,098
Translation differences	-	-	-	-	-	(42)	-	-	(42)	-	(42)
As of 30.09.2020	1,829	78,647	-	16,000	1,017	371	-	(3,391)	94,473	9	94,482

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

- CI Games S.A. (“the Issuer”, “the Dominant Entity”, „the Company”) was registered on June 1st, 2007 as City Interactive S.A. On August 7, 2013, at the District Court for the Capital City of Warsaw in Warsaw, 13th Commercial Division of the National Court Register which recorded the change of Company’s name from the previous name to CI Games S.A. The registered office of the Company is located in Warsaw at Rondo Daszyńskiego 2B.
- The Company is entered in the Register of Entrepreneurs under the number KRS 0000282076 at the District Court for the Capital City of Warsaw in Warsaw, 12th Commercial Division. The entry was made by the District Court for the Capital City of Warsaw in Warsaw, 13th Commercial Division of the National Court Register. The court of registration of the Company is currently the District Court for the Capital City of Warsaw in Warsaw, 12th Commercial Division of the National Court Register.
- The core business activity of the Company consists of production, publishing and distribution of video games
- Tax identification number (NIP): 1181585759.
- Statistical identification number (REGON): 017186320.
- The Company has been established for an unlimited period of time.



2. Structure of the Capital Group and consolidation principles

As of 30.09.2021, CI Games Capital Group (“the Group”, “Capital Group CI Games”) consisted of the following entities:

- CI Games S.A. with a registered office in Warsaw. Share capital: PLN 1,829,430.15. Dominant Entity. The Company is listed on the regulated market conducted by the Warsaw Stock Exchange in Warsaw S.A.
- United Label S.A. with a registered office in Warsaw. Share capital: PLN 127,500. 78.43% shares held by CI Games S.A., with the remaining shares owned by private individuals. The Company is listed on New Connect market (Alternative Trading System – ATS) conducted by the Warsaw Stock Exchange in Warsaw S.A.
- CI Games USA Inc. with a registered office in the state of Delaware, United States of America. Share capital: USD 50,000. 100% shares held by CI Games S.A.
- Business Area sp. z o.o. with a registered office in Warsaw. Share capital: PLN 5,000; 100% shares held by CI Games S.A.
- Business Area sp. z o.o. sp.j. with a registered office in Warsaw. 99.99% contribution of CI Games S.A.; the remaining 0.01% of Business Area sp. z o.o.
- CI Games S.A. sp.j. with a registered office in Warsaw. 99.99% contribution of Business Area sp. z o.o.sp.j.; the remaining 0.01% of CI Games S.A.
- CI Games UK Ltd. with a registered office in London, the United Kingdom. Share capital GBP 100; 100% shares held by CI Games S.A.
- CI Games Mediterranean Projects S.L. with a registered office in Barcelona, Spain. Share capital: EUR 3,000. 75% shares held directly by CI Games S.A.; the remaining 25% shares owned by Mclcx Trust sp. z o.o. with the seat in Warsaw.
- CI Games Bucharest Studio S.R.L. with a registered office in Bucharest, Romania. Share capital: LEI 200. 100% shares owned directly by CI Games S.A.

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

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

The Dominant Entity consolidates its subsidiaries which, as long as they meet the materiality threshold – are subject to full consolidation.

The following companies are excluded from consolidation due to materiality level:

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

3. Composition of the governing bodies of the Parent Entity

Management Board of the Parent Entity in the third quarter of 2021:

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

Composition of the Supervisory Board of the Company in the third quarter of 2021 was as follows:

Ryszard Bartkowiak	President of the Supervisory Board
Rafał Berliński	Member of the Supervisory Board
Marcin Garliński	Member of the Supervisory Board
Grzegorz Leszczyński	Member of the Supervisory Board
Krzysztof Kaczmarczyk	Member of the Supervisory Board

4. Composition of the Executive Team

Organizational Structure

The Group is organized into departments, which correspond to development of key products “Sniper Ghost Warrior” (“SGW”) and “Lords of the Fallen 2” (“LotF 2”) supported by Quality Assurance. Other departments include Sales & Marketing and Finance & Administration. The breakdown of headcount by department is presented below.

	Headcount	
	As of 30.09.2020	As of 30.09.2021
Development "SGW"	40	47
Development "LotF 2"	30	62
Quality Assurance	10	16
Sales & Marketing	10	12
Finance & Administration	10	19
Total	100	156

Executive Team

Key management at CI Games consists of professionals of many different nationalities. All have extensive experience in the video games industry. The management operates from various locations contributing to further internationalization of the company. This is a continuation of the remote development strategy implemented by necessity during the COVID-19 lockdown. This strategy allows CI Games to attract and retain experienced senior professionals of diverse backgrounds.

The key management is listed below.

Name	Role	Location
Marek Tymiński	Founder & President of the Board	Poland / Spain
Monika Rumianek	HR & Admin Director/ Board Member	Poland
Darren Newnham	CEO United Label/ Business Development Director	United Kingdom
Saul Gascon	Executive Producer (LotF 2)	Spain
Tobias Heussner	Executive Producer (SGW)	Spain
Cezar Virtosu	Creative Director (LOTF)	Spain
Kenton Fletcher	Creative Director (SGW)	France
Alexandre Chaudret	Art Director (LotF2)	France
Joan Piqué	Art Director (SGW)	Spain
Rhys Twelves	Technical Director (SGW & LotF 2)	United Kingdom
Krzysztof Golański	Warsaw Studio Head	Poland
Ryan Hill	Marketing Director	United Kingdom
Dean Scott	Senior Producer (Publishing)	United Kingdom
Sam Sadeghi	VP, Global Sales	Poland / Spain
Frank Chiechi	VP Sales, NA & LATAM	USA
Katarzyna Sermanowicz-Giza	Finance Director	Poland
Małgorzata Sas Madej	Legal Counsel	Poland
Lenka Kolarova	Investment Director Relationships	Spain

Development Structure

CI Games has two internal studios and a third external studio, BatFields s.r.o. (“BatFields”), with a registered office in the Czech Republic.

The first internal studio is fully responsible for the “Sniper Ghost Warrior” franchise. The primary focus for this studio at present is to develop the next installment of the “Sniper Ghost Warrior” franchise. The studio is headquartered in Warsaw, however, its team has a presence in several international locations as summarized on the next page

„Sniper Ghost Warrior” Development - locations

Headcount as of 30.09.2021

Poland	38
United Kingdom	3
Spain	2
Other locations	4

The second internal studio, Hexworks, founded in 2020, is fully responsible for development of “Lords of the Fallen 2”. Hexworks boasts a highly experienced team of senior developers from all around the world. Hexworks’ team is based across multiple locations, including Spain, Romania, the United Kingdom, and France, among others.

“Lords of the Fallen 2” Development - locations

Headcount as of 30.09.2021

Spain	34
Romania	11
United Kingdom	6
France	3
Other locations	8

In October 2021, CI Games and BatFields, with a registered office in the Czech Republic, concluded an agreement for development of a game in the survival genre. The game will be developed by BatFields in cooperation with CI Games’ key management, including creative and artistic directors, technical director and project leaders.

Sales & Marketing

CI Games has been building an international sales and marketing team with a global reach. The marketing team is mainly based in the United Kingdom and in Poland, while the sales team is spread across the United Kingdom, United States

Headcount as of 30.09.2021

Sales & Marketing – locations	Sales	Marketing
United Kingdom	1	5
United States	1	0
Poland	2	3

5. The shareholding structure of the Parent Entity

According to the best knowledge of the Parent Entity’s Management Board, as of the date of publication of this report, that is 22.11.2021, the shareholding structure of CI Games S.A., including shareholders owning directly or through their subsidiaries shares representing at least 5% of the total votes at the general meeting, was as follows:

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 votes
Marek Tymiński	53,083,570	29.02%
Rockbridge Towarzystwo Funduszy Inwestycyjnych S.A.	15,718,357	8.59%
Other shareholders	114,141,088	62.39%
Total	182,943,015	100.00%

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

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

Person	Function	State as of 31.12.2020	State as of 22.11.2021 (report publication date)
Marek Tymiński	President of the Management Board	52,663,570	53,083,570
Monika Rumianek	Member of the Management Board	150,000	150,000
Marcin Garliński	Member of the Management Board	40,000	40,000
Krzysztof Kaczmarczyk	Member of the Management Board	15,000	15,000
Rafał Berliński	Member of the Supervisory Board	0	66,000

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

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

Marcin Garliński, a member of the Supervisory Board of CI Games S.A. 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.

Krzysztof Kaczmarczyk, a member of the Supervisory Board of the Company, holds 15,000 shares of the Issuer, constituting 0.008% of the total number of votes during the general meeting of the Company.

On 12.10.2021, 13.10.2021 and 15.10.2021, the Company received notifications on the purchase of accordingly 23,509, 20,000 and 22,491 shares by Rafał Berliński – a member of the Company's Supervisory Board. The Company was informing about these transactions in the current reports nr 23/2021, 24/2021 and 26/2021. Rafał Berliński holds 66,000 shares of the Issuer, constituting 0.36% 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 the first quarter 2021 and as of the date of the release of this report.



BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS



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

The interim condensed consolidated financial statements were prepared in accordance with requirements of IAS 34 „Interim financial reporting” approved by EU („IAS 34”) and the scope required by the Minister of Finance Regulation of March 29, 2018 on current and periodical information to be published by issuers of securities and conditions of consideration of information required by the law of non-member country's law as equal (Official Journal 2018, item 757) and present financial position of the Group and the Company as of March 31, 2021, financial results and cash flow for the 3-month period ended 30.09.2021 and 30.09.2020.

The quarterly interim financial statements do not include all the information and disclosures required by annual financial statements and therefore they should be read in conjunction with the Financial Statement of CI Games Capital Group for the period ended December 31, 2020 approved for publication on April, 19, 2021.

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

The Management Board verifies the estimates and assumptions on an ongoing basis and records any changes in these in the period, in which they were made. The key judgments and estimates made by Management applied in the preparation of interim financial statements remained unchanged compared to the judgments and estimates applied in the consolidated financial statements ended December 31, 2020.

2. Going concern assumption

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

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

3. Functional currency and presentation currency

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

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

- as of 31/12/2020 - 4.6148 PLN/ EUR
- as of 30/09/2021 - 4.6329 PLN/ EUR

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

- for the three quarters of 2021 - 4.5585 PLN/ EUR
- for the three quarters of 2020 - 4.4420 PLN/ EUR

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

A description of material accounting principles applied by the Issuer can be found in the financial statement for the year ended on December 31, 2020, which was made public on April 19, 2021.

The Company has changed the presentation of its dividend capital totaling PLN 1,017,000 established in 2015 upon resolution nr 9/2015 of the Ordinary Shareholders Meeting held on 28.04.2015, which decided to allocate profits for 2014 financial year towards a dividend fund. As of 31.03.2020, the dividend capital was presented as Retained Earnings and as of 30.09.2021 is presented as a separate item as part of own equity.

5. New standards and interpretations

New standards, changes in the binding standards and interpretations, approved by the European Union ("EU"):

- **Changes with regard to references to Conceptual Framework in IFRS** (applicable to annual periods starting on January 1, 2020 or thereafter).
- **Amendments to IAS 1 "Presentation of financial statements" and IAS 8 "Accounting policies, changes in accounting estimates and errors"**. The changes pertain to the definition of materiality (applicable to annual periods starting on January 1, 2020 or thereafter).
- **Amendments to IFRS 9 Financial Instruments, IAS 39 Financial Instruments: Recognition and Measurement, IFRS 7 Financial Instruments: Disclosures – Interest Rate Benchmark Reform** (effective for annual periods beginning on or after January 1st 2020)

- **Amendments to IFRS 3 “Business Combinations”**: the definition of a business (applicable to combinations, for which the takeover date falls on the beginning of the first annual period commencing on January 1, 2020 or thereafter and with reference to acquisition of assets on the date of commencement of this annual period or later).
- **Amendments to IFRS 16 Leases: Covid-19-Related Rent Concessions** (effective for annual periods beginning on or after June 1st 2020);
- **Amendments to IFRS 4 Insurance Contracts**, deferral of IFRS 9 Financial Instruments (effective for annual periods beginning on or after January 1st 2021).

New standards, amendments to existing standards and interpretations which have not been approved by the European Union:

- **IFRS 17 “Insurance contracts”**. The standard is applicable to annual periods starting on January 1, 2023 or thereafter.
- **IFRS 14 “Regulatory Deferral Accounts** – the European Commission has decided not to commence the process of approval of this provisional standard to be used within the territory of the European Union until the date of publication of the final version of the proper full standard IFRS 14.
- **Amendments to IFRS 10 “Consolidated financial statements” and IAS 28 “Investments in Associates and Joint Ventures”** – Sales or contribution of assets between an investor and their associate or joint venture and subsequent amendments (the date of entry into force of these amendments has been postponed until completion of research work on the equity method).
- **IAS 1 Presentation of Financial Statements: classification of liabilities as current or non-current and classification of liabilities as current or non-current** – deferral of effective date (effective for annual periods beginning on or after January 1st 2023)
- **Amendments to IFRS 3 Business Combinations, IAS 16 Property, Plant and Equipment, IAS 37 Provisions, Contingent Liabilities and Contingent Assets**, amendments to various standards as part of IFRS Annual Improvements cycle 2018–2020 (effective for annual periods beginning on or after January 1st 2022),
- **Amendments to IFRS 9 Financial Instruments, IAS 39 Financial Instruments: Recognition and Measurement, IFRS 7 Financial Instruments: Disclosures, IFRS 4 Insurance Contracts and IFRS 16 Leases – Interest Rate Benchmark Reform** – Phase 2 (effective for annual periods beginning on or after January 1st 2021).
- The dates of entry into force, indicated above, are based on the content of standards announced by the Council for International Financial Reporting. The dates of entry into force of standards in the European Union may differ from dates of entry into force based on the content of the standards and are announced as the standard has been approved for application by the European Union. The Group has decided not to introduce early any of the standards, interpretations or amendments, listed above, which have been published but have not come into force. According to estimates of the Company, the standards, interpretations and amendments to standards listed above shall have no significant impact upon the financial statements of the Company and the Group.

6. Audit performed by statutory auditor

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

IV.

NOTES TO THE FINANCIAL STATEMENTS

1. Consolidated quarterly results

	1Q 2021	2Q 2021	3Q 2021	9M 2021
	PLN'000	PLN'000	PLN'000	PLN'000
Net revenue from sales	9,521	39,703	32,658	81,882
Production costs	(4,884)	(15,484)	(11,763)	(32,131)
Profit on sales	4,637	24,219	20,895	49,751
Selling costs	(1,412)	(7,651)	(4,233)	(13,296)
General and administrative costs	(1,572)	(1,746)	(2,131)	(5,449)
Other operating costs and income	852	(11)	(488)	353
Operating profit	2,505	14,811	14,043	31,359
EBITDA	6,296	23,263	19,310	48,869
Finance income and costs	972	(650)	1,903	2,225
Profit before tax	3,477	14,161	15,946	33,584
Tax	(744)	(3,312)	(2,309)	(6,365)
Net income	2,733	10,849	13,637	27,219
Sales profitability	48.7%	61.0%	64.0%	60.8%
EBIT margin	26.3%	37.3%	43.0%	38.3%
EBITDA margin	66.1%	58.6%	59.1%	59.7%
Gross margin	36.5%	35.7%	48.8%	41.0%
Net margin	28.7%	27.3%	41.8%	33.2%

Consolidated revenues amounted to PLN 32.7m in the third quarter 2021, with majority of sales (69%) generated by "SGWC 2". The new releases in the United Label portfolio contributed 17% to the quarterly sales.

Production costs consisted mainly of amortization of development work on “Sniper Ghost Warrior Contracts” and “Sniper Ghost Warrior Contracts 2” and games from the United Label portfolio. In addition to the cost of producing physical media as well as costs of production that were not included under development costs, a provision for production employees is also included in this cost. In September 2021, the Company fully amortized “SGWC”.

In the third quarter 2021, operating profit reached PLN 14.0m (margin 43.0%), while EBITDA was PLN 19.3m (margin 59.1%).

The selling costs in the third quarter of 2021 amounted to PLN 4.2m and declined by PLN 3.4m compared to the previous quarter, as the majority of marketing expenses incurred at the release date of “SGWC 2”. In the third quarter of 2021, selling costs included marketing costs of “Tails of Iron” and “Eldest Souls” releases.

General and administrative costs amounted to PLN 2.1m in the third quarter of 2021, which represents growth compared to the previous quarter. This is connected with the overall growth in employment in the Group and related costs.

The finance costs included mainly bank commissions and valuation of forward contracts, while the finance income included positive foreign exchange differences.

The Group recorded a significant growth in net profitability generating net profit of PLN 13.6m (41.8% net margin). This growth is attributable to sales results of “SGWC 2” and new release of “Tails of Iron” and “Eldest Souls”, as well as declining marketing costs and depreciation of Polish currency.

2. Description of significant achievements or failures in the third quarter of 2021 including a list of key associated events

- The key event in the first nine months of 2021 was the release of “Sniper Ghost Warrior Contracts 2” on 04.06.2021 on PlayStation 4, Xbox Series X/S, Xbox One and PC. The release of this game on PS5 was on 24.08.2021. The Group expects that sales on all platforms would account for a significant part of the revenues of the Group in the following months.
- In the third quarter of 2021, consolidated net revenues from sale of „Sniper Ghost Warrior Contracts 2” from the release date (i.e. 04.06.2021) exceeded its production and publishing costs including capex, marketing, COGS, license fees related to the engine. Consequently, the game “SGWC 2” achieved its return on investment in the second month from the release date.
- On 29.07.2021, the pixel art boss-rush title, “Eldest Souls” (a game from United Label S.A. portfolio) was released on PS5, PS4, Xbox Series X/S, Xbox One, Nintendo Switch and PC. The title was very positively received by players (as of the report publishing date user score on Steam was 83%) and media scoring 8s and 9s with many leading outlets including IGN, Screen Rant and Tom's Guide, and became an instant hit among leading global influencers.
- Action-adventure RPG, “Tails of Iron”, was released on PS5, PS4, Xbox Series X|S, Xbox One, Nintendo Switch and PC on 17 September 2021.
- CI Games Group has significantly increased its headcount in the first half of 2021. As of 30.09.2021, the Group employed 156 people, 125 of which work in game production: 62 persons work in the production of “Lords of the Fallen 2”, 47 persons are involved in the production of the “Sniper Ghost Warrior” series, and 16 persons make up the QA team.
- United Label S.A. signed a new contract with a developer Odd Bug Studio on 27.07.2021. The developer’s team from Manchester is responsible for the production of the largest title from United Label’s S.A. portfolio – “Tails of Iron”.
- On 17.08.2021, CI Games S.A. made a decision to initiate a review of strategic options for the Company. The purpose of the review of strategic options is to select the most favorable way of achieving the Company’s long-term goal which is Company development based on the existing strategy of maximizing the value for current and future shareholders. In the course of the review of strategic options, the Company’s Managing Board will take into consideration various options, including gaining a strategic sector investor. In connection with the above, 17.08.2021 the Company’s Managing Board signed an agreement with an advisor Drake Star Securities LLC which supports the Company in the process of reviewing strategic options, including in particular in the negotiations and selection of a strategic sector investor. As of the date of this report, no decisions were made relating to selection of a specific option and furthermore, there is no certainty whether and when any such decision will be made in the future.

- On 15.10.2021, the Company concluded an agreement with BatFields s.r.o. for development of the game in the survival genre. In accordance with the provisions of the agreement, the development of the game will be made by Batfields s.r.o. in co-operation with the Company and its internal team, that will include key employees responsible for the game, particularly creative and artistic directors, technical director and project leaders. Pursuant to the provision of the agreement the copyrights to the Game will be owned by the Company. The development of the game will be based on the engine Unreal Engine 5 and the game will be release on PC and latest console generation.
- On 20.10.2021, industry expert, Sam Sadeghi, joined the company in a newly formed role, VP of Global Sales. With over thirteen years of experience within gaming sales, Sam Sadeghi started his career at SEGA as part of their export team. He further worked in high-level sales positions at Ubisoft and Red Entertainment, where he managed distribution of the Activision Blizzard account, helping launch Overwatch and Call of Duty, amongst other IPs. Sam joined the CI Games team from a sales position at SEGA, where he helped drive both the digital and physical sales across their vast catalogue, including many of their recent successes.

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

Between January 1st and September 30th, 2021, no extraordinary events took place, which would exert impact on the Group's financial results achieved. The key events having impact on the Group's financial results was the release of the „Sniper Ghost Warrior Contracts 2” game and two releases of the games from United Label portfolios - described in the point above.

The Management Board of the Company is of opinion that the announced state of COVID-19 epidemic does not constitute an event, which would enforce adjustments to the consolidated and unconsolidated financial statements for the nine quarters of 2021. The Management Board is monitoring the situation on an ongoing basis and will take all possible steps to mitigate any negative consequences for the Group related to the ongoing epidemic.

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

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

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

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

5. Information about operational segments

The basic segments of Group's activity are the production and sales of own games and publishing activity commenced in the second half of year 2018. Due to the fact that in 2019 - 2020 and in the nine months of 2021, the materiality levels were not met in accordance with IFRS 8, i.e. (i) revenues from the operational segment did not exceed 10% of joint revenues, including external clients and transfers between the segments, (ii) financial result of the segment, expressed in absolute values, did not account for at least 10% of sum of absolute results of all segments which posted no losses or the combined loss all operational segments which recorded losses, (iii) assets of the segment did not account for 10% or more of total assets of all operational segments; therefore the Group did not present results related to the publishing segment.

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

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

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

As of 30.09.2021 the impairment loss on inventories amounted to PLN 720 thousand (increase by PLN 500 thousand compared to the balance as of December 31, 2020).

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

As of 30.09.2021, the impairment loss on receivables amounted to PLN 255 thousand (no change compared to the balance as of December 31, 2020).

As of 30.09.2021, there were no impairment losses on financial assets, property, plant and equipment, intangible assets and no reversals of such write-offs.

9. Financial instruments

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

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

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

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

	as of 30.09.2021 PLN'000	as of 30.06.2021 PLN'000	as of 31.12.2020 PLN'000	as of 30.09.2020 PLN'000
Forward contracts - USD	(106)	206	-	-

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

10. Information about changes in the provisions

MOVEMENTS IN PROVISIONS	Unused holidays provision	Other provisions
	PLN'000	PLN'000
Balance as of 01.01.2021	103	759
Creation of the provision	203	4,978
Utilisation of the provision	92	1,305
Release of the provision	-	-
Balance as of 30.09.2021	214	4,431

11. Income Tax

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

- A current tax charge is calculated on the basis of the tax result (taxation basis) for a given financial year. Tax profit (loss) differs from net accounting profit (loss) due to exclusion of revenues subject to taxation and expenses constituting costs of earning profit in the subsequent years and those revenue and expense items, which will never be subject to taxation. Tax charges are calculated on the basis of tax rates applicable in a given financial year. As of 30.09.2021 the current tax CIT amounted to PLN 3,180 thousand.
- Deferred tax is calculated using the balance sheet method as tax to be paid or returned in the future on differences between the balance sheet value of assets and liabilities and the corresponding tax values used for calculation of taxation basis.

As of 30.09.2021 deferred tax of PLN 3,185 thousand comprised of the following items:

- reduction (in the period from 01.01.2020 to 30.09.2021) of the deferred tax asset balance by the amount of PLN 1,684 thousand mainly due to utilization of tax losses from previous years; and
- increase (in the period from 01.01.2020 to 30.09.2021) of the deferred tax provision balance by the amount of PLN 1,501 thousand, resulting mainly from the difference between the tax and book value of development works.

INCOME TAX	for the period from 1.01	for the period from 1.07	for the period from 1.01	for the period from 1.07
	to 30.09.2021	to 30.09.2021	to 30.09.2020	to 30.09.2020
	PLN'000	PLN'000	PLN'000	PLN'000
Gross profit (loss)	33,584	15,946	6,259	467
Current income tax	(3,180)	(3,169)	(902)	(803)
Deferred tax:	(3,185)	860	(277)	676
Decrease/increase in the deferred tax asset	(1,684)	343	(3,087)	(71)
Decrease/increase the provision for deferred tax	(1,501)	517	2,810	747
Total income tax	(6,365)	(2,309)	(1,179)	(127)
Net profit (loss)	27,219	13,637	5,080	340

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

12. Deferred tax asset and liability

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

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

DEFERRED TAX	as of 30.09.2021	as of 30.06.2021	as of 31.12.2020	as of 30.09.2020
	PLN'000	PLN'000	PLN'000	PLN'000
Deferred tax assets				
Opening value	3,229	2,306	5,949	5,949
Including assets compared to the financial result	(3,229)	(2,306)	(5,949)	(5,949)
Increases recognised in financial result	1,547	1,203	3,229	2,863
Cost provision	829	509	20	92
Receivables valuation allowances	-	-	48	-
Provision for returns	610	391	59	58
Exchange differences	51	13	108	2
Tax loss	22	266	2,994	2,711
Difference between balance sheet and tax value of rights to distribute	-	22	-	-
Difference between the balance sheet and tax value of tangible fixed ass	33	-	-	-
Other	2	2	-	-
Decreases compared to the financial result	(3,229)	(2,306)	(5,949)	(5,949)
Closing value	1,547	1,203	3,229	2,863
Deferred tax provisions				
Opening value	2,306	2,306	6,205	6,205
Including assets compared to the financial result	2,306	(2,306)	(6,205)	(6,205)
Increases compared to the financial result	3,807	4,323	2,306	3,395
Leasing	-	-	52	56
Revenues for current period invoices in the following period	-	16	-	-
Exchange differences	266	13	21	61
Accrued interest on the loan	59	9	24	-
Compensation	-	-	61	239
Difference between the balance-sheet and tax value of tangible fixed assets and intangible assets	3,301	4,244	2,148	3,011
Forward valuation	-	39	-	-
Other	181	2	-	28
Decreases compared to the result	(2,306)	(2,306)	(6,205)	(6,205)
Closing value	3,807	4,323	2,306	3,395

13. Share capital of Dominant entity

As of 30.09.2021, share capital comprised of nine series of shares issued at the following terms:

SHARE SERIES	VOLUME OF SHARES	NOMINAL VALUE (PLN000)	REGISTRATION
A - ordinary bearer / paid	100,000,000	1,000	01.06.2007
B - ordinary bearer / paid	400,000	4	10.08.2008
C - ordinary bearer / paid	25,000,000	250	17.12.2008
D - ordinary bearer / paid	1,100,000	11	09.10.2009
E - ordinary bearer / paid	12,649,990	126	09.01.2014
G - ordinary bearer / paid	11,000,000	110	06.12.2016
F - ordinary bearer / paid	960,000	10	30.11.2017
H - ordinary bearer / paid	10,833,025	108	09.08.2019
I - ordinary bearer / paid	21,000,000	210	21.09.2020
TOTAL	182,943,015	1,829	

14. Share premium account of the Dominant entity

SHARE SERIES	NUMBER	SURPLUS
B - ordinary bearer / paid	400,000	36
C - ordinary bearer / paid	25,000,000	22,250
D - ordinary bearer / paid	1,100,000	99
E - ordinary bearer / paid	12,649,990	11,259
G - ordinary bearer / paid	11,000,000	24,860
F - ordinary bearer / paid	960,000	663
H - ordinary bearer / paid	10,833,025	9,641
I - ordinary bearer / paid	21,000,000	24,990
TOTAL	82,943,015	93,798
Decrease due to costs of issue of series C		(1,829)
Decrease due to costs of issue of series E		(285)
Transfer to reserve capital		(16,000)
Decrease due to costs of issue of series G		(416)
Decrease due to costs of issue of series F		(49)
Decrease due to costs of issue of series H		(470)
Decrease due to costs of issue of series I		(265)
Balance as of 30.09.2021		74,484

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

In the third quarter of 2021, there were no material transactions involving the purchase or sale of tangible assets.

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

As of the date of publishing this report, there were no significant liabilities related to the purchase of tangible assets.

17. Information on significant settlements due to court cases

In the third quarter of 2021, there were no significant settlements due to court cases.

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

The Group did not have any bank loans as of 30.09.2021 r.

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

In the third quarter of 2021, no changes took place in classification of financial assets due to a change in the purpose or use of these assets.

20. Information on significant settlements due to court cases

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

In the Annual Report published on March 27, 2020, the Company has disclosed the initiation of court proceedings on October 17, 2019 against EP Retail sp. z o.o., EP Office 2 sp. z o.o., EP Office 1 sp. z o.o. and EP Apartments sp. z o.o. CI Games S.A. filed a suit at the District Court in Warsaw against these entities due to the unlawful drawing of funds from a bank guarantee, overpaid operating costs and overpaid rent. The total value of the object of litigation is PLN 881 thousands (EUR 180,000 and PLN 48,000). As of the report publication date, the case remains pending.

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

As of 30.09.2021 the Company had the following contingent liabilities:

- three forward contracts for sales of USD 0.9 million at an exchange rate of PLN/USD 3.9400 with an execution period October-December 2021;
- two forward contracts for sales of USD 0.3 million at an exchange rate of PLN/USD 3.8910 with an execution period January -February 2022;
- two forward contracts for sales of USD 0.3 million at an exchange rate of PLN/USD 3.9025 with an execution period January -February 2022.

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

In the third quarter, 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.

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

In the third quarter of 2021, as well as until the date of publication of this report, no issue, redemption or repayment of non-equity and equity securities took place.

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

In the point below, there is a description of the motivational program based on shares series J executed as series C subscription warrants. As the result of the implementation of this program, the proportion of the shareholding structure owned by current shareholders may change.

25. Information on employee share plan control system

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 will designate persons, who will participate in the incentive program and with respect to Members of the Issuer's Managing Board, such persons will be 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 has 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 Company's Supervisory Board will develop financial support principles for entitled participants of the incentive program in order to facilitate their taking up shares as part of the program.

The incentive program referred to above was adopted for the years 2021–2024.

On 22.06.2021, the Company's Ordinary General Meeting, based on resolution no. 21/1/2021 on repealing the resolution no. 17/2015 of the Ordinary General Shareholders' Meeting of CI Games Spółka Akcyjna with the registered office in Warsaw, made on 28.04.2015 on the incentive plan, issue of subscription warrants, conditional increase of initial equity and the exclusion of pre-emptive rights of existing shareholders with respect to subscription warrants and shares issued as part of conditional increase of initial equity, as well as application for admission of shares issued as part of conditional increase of initial equity for trading on the regulated market and their dematerialisation and amendment of the Company's Articles of Association, following resolution no. 20/1/2021 of the Company's Ordinary General Meeting dated 22.06.2021, repealed in its entirety the above resolution no. 17/2015 of the Company's Ordinary General Meeting dated 28.04.2015. On that basis, the process of issuing ordinary series F shares as part of the Company's incentive plan adopted by the Company's General Meeting on 28.04.2015, has formally ended.

On 09.08.2021, the registry court of the Company recorded in the Register of Entrepreneurs of the National Court Register the changes to the Articles of Association of the Company in the scope adopted by resolution of the Ordinary General Meeting of the Company of 22th June 2021 as regards §10b of the Articles of Association relating to the conditional capital of the Company.

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

In the third quarter of year 2021, the structure of the CI Games Capital Group did not change.

27. 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

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

Significant transactions with related entities have been described in the Note 27 of the Consolidated Financial Statements Report ended 31.12.2020 prepared in accordance with IFRS.

28. Transactions with related parties

In the third quarter of the 2021, transactions were executed with related entities on the basis of market conditions, and in the opinion of the Management Board of the Company, they were typical and routine-based transactions.

Transactions for the period from 01.01. to 30.09.2021 and and balances as of 30.09.2021	COSTS	REVENUES	RECEIVABLES	LIABILITIES
Entity	PLN'000	PLN'000	PLN'000	PLN'000
CI Games USA Inc.	3,840	11,557	22,551	3,988
Business Area Sp. z o.o.	-	1	-	-
Business Area Sp. z o.o. Sp.J.	-	8	-	677
CI Games S.A. Sp. J.	1	1	-	191
United Label S.A.	5,935	82	3,601	5,516
CI Games UK Limited	1,523	-	1,349	-
CI Games Bucharest Studio SRL	-	38	2,340	-
CI Games Mediterranean Projects	20,598	224	15,609	20,598
TOTAL	31,897	11,911	45,450	30,970

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

Transactions for the period from 01.01. to 30.09.2021 and and balances as of 30.09.2021	COSTS	REVENUES	RECEIVABLES	LIABILITIES
Entity	PLN'000	PLN'000	PLN'000	PLN'000
Premium Restaurants Sp. z o.o.	-	-	-	9
Premium Food Restaurants S.A.	-	-	84	-
Fine Dining Sp. z o.o.	-	-	174	-
TOTAL	-	-	258	9

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

Transactions for the period from 01.01. to 30.09.2021 and and balances as of 30.09.2021	COSTS	REVENUES	RECEIVABLES	LIABILITIES
Entity	PLN'000	PLN'000	PLN'000	PLN'000
Marek Tymiński	45	-	-	-
GWW Grynhoff i Partnerzy Radcowie Prawni i Doradcy Podatkowi Spółka Partnerska	14	-	-	-
TOTAL	59	-	-	-

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

In the first half of 2021, the Parent Entity neither paid nor declared dividend payment.

The Ordinary General Meeting of Shareholders dated 22.06.2021 passed a resolution to allocate profit earned in 2020 in the amount of PLN 6,069,537.74 in the following way: amount of PLN 1,636,627.42 towards the loss in the previous years and remaining amount to be allocated to supplementary capital.

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

In the third quarter of the year 2021, no events occurred, which would exert a negative impact on assessment of capability of the Parent Entity and the Capital Group to settle their liabilities.

Spółka planuje finansować realizację gier z bieżących wpływów ze środków pozyskanych z emisji akcji serii I oraz z działalności operacyjnej.

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

The Management Board has not published forecasts of the financial results of CI Games Capital Group nor CI Games S.A. in 2021.

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

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

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

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

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

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

- The release of "Sniper Ghost Warrior Contracts 2", which took place on 04.06.2021 on PlayStation 4, Xbox Series X/S, Xbox One platforms and PC and on 24.08.2021 on PlayStation 5-the sale of this game will have a key impact on the Group's financial results in the following months.
- The "Elders Souls" game had its release on 29.07.2021 and "Tails of Iron" was released on 17.09.2021. The three games are from United Label's portfolio and they would generate revenues from their sale in the fourth quarter of 2021.
- The Group makes most of its revenue from sales in foreign currencies (mainly EUR and USD), and therefore currency exchange rates will impact the financial results of the Group in the future.

QUARTERLY STANDALONE FINANCIAL STATEMENT OF CI GAMES S.A.

SELECTED FINANCIAL INFORMATION

Profit and Loss Accounts	for the period from 1.01 to 30.09.2021		for the period from 1.01 to 30.09.2020	
	PLN'000	EUR'000	PLN'000	EUR'000
	Net revenue from sales	74,481	16,339	34,082
Profit (loss) from operating activities	27,383	6,007	7,303	1,644
Gross profit (loss)	30,028	6,587	7,440	1,675
Net profit (loss)	24,348	5,341	6,009	1,353
Weighted average number of shares (in thousands)	182,943	182,943	162,709	162,709
Profit (loss) per ordinary share (PLN/share)	0.13	0.03	0.04	0.01

Statement of cash flow	for the period from 1.01 to 30.09.2021		for the period from 1.01 to 30.09.2020	
	PLN'000	EUR'000	PLN'000	EUR'000
	Net cash flows from operating activities	56,512	12,397	31,705
Net cash flows from investing activities	(46,367)	(10,172)	(16,549)	(3,726)
Net cash flows from financing activities	(383)	(84)	164	37
Net cash flows	9,762	2,141	15,320	3,449

Balance sheet	as of 30.09.2021		as of 31.12.2020	
	PLN'000	EUR'000	PLN'000	EUR'000
	Non-current assets	99,568	21,492	74,328
Current assets	71,648	15,465	36,906	7,997
Total assets	171,216	36,957	111,234	24,104
Equity	122,111	26,357	97,763	21,185
Initial capital	1,829	395	1,829	396
Liabilities	49,105	10,599	13,471	2,919
Non-current liabilities	7,887	1,702	8,173	1,771
Current liabilities	41,218	8,897	5,298	1,148
Total equity and liabilities	171,216	36,957	111,234	24,104

STATEMENT OF FINANCIAL CONDITIONS

ASSETS	as of 30.09.2021	as of 30.06.2021	as of 31.12.2020	as of 30.09.2020
	PLN'000	PLN'000	PLN'000	PLN'000
A. Non-current assets	99,568	73,828	74,328	66,632
Property, plant and equipment	1,671	1,176	437	386
Intangible assets	67,788	49,074	52,175	52,975
Right-to-use asset	4,640	4,888	6,484	688
Shares in subsidiaries	4,516	4,516	4,516	4,516
Long term investmens	19,194	13,002	7,532	5,193
Deferred tax asset	1,759	1,172	3,184	2,874
B. Current assets	71,648	57,310	36,906	39,783
Inventory	2,814	2,362	1,576	2,137
Current investments	2,340	1,882	431	-
Advances granted	46	162	51	10
Trade receivables	35,566	41,402	15,543	13,243
Tax receivables	-	-	432	-
Cash and cash equivalents	25,003	7,565	15,658	19,595
Other current assets	5,879	3,937	3,215	4,798
Total assets	171,216	131,138	111,234	106,415

LIABILITIES & EQUITY	as of 30.09.2021	as of 30.06.2021	as of 31.12.2020	as of 30.09.2020
	PLN'000	PLN'000	PLN'000	PLN'000
A.	122,111	115,109	97,763	97,704
Share capital	1,829	1,829	1,829	1,829
Share premium	74,484	74,484	74,484	74,486
Surplus capital	4,433	-	-	-
Reserve capital for the acquisition of shares	16,000	16,000	16,000	16,000
Dividend capital	1,017	1,017	1,017	1,017
Retained earnings	24,348	21,779	4,433	4,372
including profit for the period	24,348	17,346	6,070	6,009
B. LIABILITIES	49,105	16,029	13,471	8,711
Non-current liabilities	7,887	8,878	8,173	3,395
Finance lease liabilities	4,261	4,555	5,867	-
Deferred income tax provision	3,626	4,323	2,306	3,395
Current liabilities	41,218	7,151	5,298	5,316
Borrowings including credits, loans and other debt instruments	-	1	33	351
Income tax liabilities	1,937	11	-	287
Trade liabilities	33,801	3,875	3,700	3,132
Finance lease liabilities	687	405	324	403
Other liabilities	427	271	246	214
Other current provisions	4,366	2,588	580	486
Deferred revenues	-	-	415	443
Total equity and liabilities	171,216	131,138	111,234	106,415

PROFIT AND LOSS ACCOUNT AND COMPREHENSIVE INCOME
(costs by function)

Statement of comprehensive income	for the period from 1.01 to 30.09.2021	for the period from 1.07 to 30.09.2021	for the period from 1.01 to 30.09.2020	for the period from 1.07 to 30.09.2020
	PLN'000	PLN'000	PLN'000	PLN'000
Continuing operations				
Net revenue from sales	74,481	26,809	34,082	7,617
Revenue from sale of products and services	74,481	26,809	34,082	7,617
Revenue from sale of goods and materials	-	-	-	-
Costs of products, goods and services sold	(31,607)	(11,403)	(19,992)	(4,706)
Manufacturing cost of products sold	(31,607)	(11,403)	(19,992)	(4,706)
Value of goods and materials sold	-	-	-	-
Gross profit (loss) on sales	42,874	15,406	14,090	2,911
Other operating revenues	925	26	232	87
Selling costs	(10,863)	(6,328)	(2,621)	(551)
General and administrative costs	(4,971)	(1,871)	(3,865)	(1,103)
Other operating expenses	(582)	(533)	(533)	(35)
Profit (loss) on operating activities	27,383	6,700	7,303	1,309
Financial revenues	2,824	2,048	455	(527)
Financial expenses	(179)	(107)	(318)	(50)
Profit (loss) before tax	30,028	8,641	7,440	732
Income tax	(5,680)	(1,639)	(1,431)	(260)
current tax due	(2,934)	(2,923)	(902)	(803)
deferred tax	(2,746)	1,284	(529)	543
Profit (loss) on continuing operations	24,348	7,002	6,009	472
Discontinued operations	-	-	-	-
Loss from discontinued operations	-	-	-	-
Net profit (loss)	24,348	7,002	6,009	472
Total other comprehensive income, including:				
Total income for the financial year	24,348	7,002	6,009	472
Net profit (loss) in thousands of PLN	24,348	7,002	6,009	472
Weighted average number of shares (in thousands)	182,943	182,943	162,709	164,226
Profit (loss) per ordinary share (in PLN)	0.13	0.04	0.04	0.00

CASH FLOW STATEMENT (indirect method)

	for the period from 1.01 to 30.09.2021	for the period from 1.07 to 30.09.2021	for the period from 1.01 to 30.09.2020	for the period from 1.07 to 30.09.2020
	PLN'000	PLN'000	PLN'000	PLN'000
Cash flows from operating activities				
Gross profit (loss)	30,028	8,641	7,440	732
Total adjustments	26,484	39,773	24,265	5,482
Depreciation	17,202	5,117	14,635	3,105
Impairment loss (reversal)	-	-	110	(1)
Profit (loss) on foreign exchange differences	264	245	39	27
Interest	(327)	(160)	3	(12)
Comission on loans	-	-	201	2
Change in receivables	(19,586)	5,836	8,668	1,685
Change in inventory and prepayments	(1,233)	(336)	844	207
Change in trade and other payables	30,280	30,082	(164)	(395)
Change in employee benefit provisions and liabilities	3,786	1,788	170	(152)
Change in other current assets	(2,490)	(1,802)	(75)	1,299
Tax paid	(997)	(997)	(616)	(616)
Deferred revenues	(415)	-	443	332
Other adjustments	-	-	7	1
Net cash flows from operating activities	56,512	48,414	31,705	6,214
Cash flows from investing activities				
Repayment of loans granted	1,262	21	100	100
Cash outflows on acquisition of property, plant and equipment and	(1,275)	(634)	(181)	(73)
Cash outflows on development works	(32,076)	(23,583)	(13,837)	(5,855)
Cash outflows on acquisition of financial assets	-	-	(21)	(21)
Cash outflows on loans granted	(14,278)	(6,370)	(2,610)	(162)
Net cash from investing activities	(46,367)	(30,566)	(16,549)	(6,011)
Cash flows from financing activities				
Net proceeds from the issue of shares and other capital instruments	-	-	24,938	24,938
Incurrence of borrowings	-	-	347	(18)
Repayment of borrowings	(33)	(1)	(24,038)	(12,461)
Repayment of finance lease liabilities	(333)	(43)	(517)	(163)
Interest	(17)	(1)	(365)	(103)
Other financial outflows	-	-	(201)	(2)
Net cash from financing activities	(383)	(45)	164	12,191
Total net cash flows	9,762	17,803	15,320	12,394
Exchange differences on cash	417	365	31	31
Balance sheet changes in cash and cash equivalents	9,345	17,438	15,289	12,363
Cash and cash equivalents at the beginning of the period	15,658	7,565	4,306	7,232
Cash and cash equivalents at the end of the period	25,003	25,003	19,595	19,595
<i>including restricted cash</i>	-	-	-	-

CHANGES IN EQUITY

For the period from 01.01. to 30.09.2021

	Share capital	Share premium	Surplus capital	Reserve capital for buyback of own shares	Other reserve capital	Dividend capital	Retained earnings	Equity
PLN'000								
As of 01.01.2021	1,829	74,484	-	16,000	-	1,017	4,433	97,763
As of 01.01.2021, upon coversation	1,829	74,484	-	16,000	-	1,017	4,433	97,763
CHANGES IN EQUITY								
Profits and losses in the period	-	-	-	-	-	-	24,348	24,348
Issue of shares	-	-	-	-	-	-	-	-
	-	-	4,433	-	-	-	(4,433)	-
As of 30.09.2021	1,829	74,484	4,433	16,000	-	1,017	24,348	122,111

For the period from 01.01. to 31.12.2020

	Share capital	Share premium	Surplus capital	Reserve capital for buyback of own shares	Other reserve capital	Dividend capital	Retained earnings	Equity
PLN'000								
As of 01.01.2020	1,619	49,759	-	16,000	-	1,017	(1,637)	66,758
As of 01.01.2020, upon coversation	1,619	49,759	-	16,000	-	1,017	(1,637)	66,758
CHANGES IN EQUITY								
Profits and losses in the period	-	-	-	-	-	-	6,070	6,070
Issue of shares	210	24,725	-	-	-	-	-	24,935
As of 31.12.2020	1,829	74,484	-	16,000	-	1,017	4,433	97,763

For the period from 01.01. to 30.09.2020

	Share capital	Share premium	Surplus capital	Reserve capital for buyback of own shares	Other reserve capital	Dividend capital	Retained earnings	Equity
PLN'000								
As of 01.01.2020	1,619	49,759	-	16,000	-	1,017	(1,637)	66,758
As of 01.01.2020, upon coversation	1,619	49,759	-	16,000	-	1,017	(1,637)	66,758
CHANGES IN EQUITY								
Profits and losses in the period	-	-	-	-	-	-	6,009	6,009
Issue of shares	210	24,727	-	-	-	-	-	24,937
As of 30.09.2020	1,829	74,486	-	16,000	-	1,017	4,372	97,704

All the mid-year financial information essential for the assessment of the Issuer's assets and financial position were included in the abridged consolidated financial statement for September 30, 2021.

The following abridged mid-year financial statement of the Company, prepared as of September 30, 2021, should be read in conjunction with CI Games S.A. financial statement for December 31, 2020, published on 19.04.2021.

Approval of the quarterly Financial Statement

The following report and the quarterly financial report for the period from July 1 to September 30, 2021, have been signed and approved for release by CI Games S.A. Managing Board on November 22, 2021.

Marek Tymiński

Monika Rumianek

President of the Board

Board Member



LORDS OF THE
FALLEN

The title is rendered in a highly detailed, metallic font. The letters are three-dimensional with a brushed metal texture and sharp, pointed edges. The word 'LORDS' is on the top line, 'OF THE' is smaller and positioned to the right of 'LORDS', and 'FALLEN' is on the bottom line. The letters are surrounded by wisps of white smoke and numerous small, glowing orange and yellow sparks, creating a dramatic and atmospheric effect.

HEXWORKS