



CI GAMES S.A.

STATEMENT OF FOLLOWING
CORPORATE GOVERNANCE RULES
IN 2016

being an individual section
of the Management Board's report on the
operations of CI Games Capital Group and CI
Games S.A. covering 2016



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STATEMENT OF FOLLOWING CORPORATE GOVERNANCE RULES BY CI GAMES S.A. IN 2016

This Statement of following corporate governance rules by CI Games S.A., with its seat in Warsaw ("CI Games S.A.", "Issuer", "Company") in 2016 was prepared pursuant to Art. 91 par. 5 section 4 of the Regulation of the Minister of Finance of 19 February 2009 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 of 2014, item 133 as amended), Resolution of the Supervisory Board of Giełda Papierów Wartościowych w Warszawie S.A. no. 26/1413/2015 of 13 October 2015 concerning the adoption of "Good Practices for Companies Listed on the Stock Exchange 2016" and the European Commission Recommendation of 9 April 2014 on the quality of corporate governance reporting ("comply or explain" approach) no. 2041/208/EU.

I. The corporate governance code followed by CI Games S.A. and locations where the code is available.

In 2016, the Company followed the corporate governance rules included in the document called "Good Practices for Companies Listed on the Stock Exchange 2016" ("**Good Practices**") as stipulated in the resolution of the Supervisory Board of Giełda Papierów Wartościowych w Warszawie S.A. no. 26/1413/2015 of 13 October 2015 concerning the adoption of "Good Practices for Companies Listed on the Stock Exchange 2016". The wording of those rules is available on GPW website in the section devoted to the corporate governance at <http://www.corp-gov.gpw.pl> and at https://static.gpw.pl/pub/files/PDF/RG/Uch_RG_DB2016.pdf.

In 2016, the Issuer's Management Board initiated the measures required to ensure strict compliance with the "Good Practice" rules.

II. The scope in which the Company deviated from the above provisions, such provisions and deviation reasons.

- A. In 2016, the Issuer followed most corporate governance rules included in the "Good Practices" in whole, except for the recommendations and rules specified below which were not followed or were followed in a limited scope:

DISCLOSURE POLICY AND INVESTOR COMMUNICATIONS

- a) Detailed rule no. I.Z.1.8., pursuant to which the Company publishes, on the website run by itself (corporate website), the lists of selected financial data of the company for 5 recent years of operations, in the format enabling the recipients to process the data.

Justification:

The said detailed rule is not followed by the Issuer (in whole). Initially, the Company did not follow the said rule due to the corporate website modification. The Company website has been improved on an ongoing basis, including in line with the feedback from Shareholders and Investors received by the Company. Eventually, however, the Company decided the periodic reports of the Company, available on www.cigames.com in the "Investor Relations" section, presenting all important financial data related to the Company, current and for previous years (historical data) are the sufficient formula of financial data presentation.

- b) Detailed rule no. I.Z.1.15, pursuant to which the Company publishes, on the website run by itself (corporate website), the information describing the corporate diversity policy related to the corporate governing bodies and its key managers.

Justification:

The said detailed rule is not followed by the Company. The Company has not developed a formal diversity policy with respect to its governing bodies and key managers, as well as to the other employees or associates of the Company. A criterion followed when selecting individuals to have a role in the Issuer's organisational structure is the relevant qualifications required for a given role, i.e. competence type and scope, and not the gender, age, education, professional experience determined arbitrarily, etc. Nonetheless, the Company makes every effort to ensure its authorities and all associates are diversified in terms of gender, education, age, professional experience, etc. to optimise the organisational and labour culture in the organisational structure of the Company.

- c) Detailed rule no. I.Z.1.16, pursuant to which the Company publishes, on the website run by it (corporate website), the information on the planned broadcast of the general meeting, no later than within 7 days before the general meeting date.

Justification:

The rule is not followed by the Issuer. The Company has not broadcast the general meeting proceedings so far which is justified by the structure and size of its Shareholding. When the Company decides to broadcast the general meeting proceedings, it will publish the relevant information on its website without undue delay.

The Company's Management Board does not exclude this rule in the future, especially when it decides this solution will enable the Company's Shareholders, including but not limited to small investors, to exercise their voting rights more efficiently.

- d) Detailed right no. I.Z.1.20, pursuant to which the Company publishes, on the website run by it (corporate website) the recording of the general meeting proceedings in audio or video form.

Justification:

The said rule is not followed by the Issuer. The Company has not recorded the general meeting proceedings in the audio or video form which is basically justified by the structure and size of its Shareholding. When the Company decides to record the general meeting proceedings, it will publish the relevant information on its website without undue delay.

The Company's Management Board does not rule out following the said rule in the future, especially if the Company's Shareholders demand recording the Company's general meetings in the audio or video form. According to the Company, the existing practice of general meeting holding secures the interests of the Company's Shareholders sufficiently.

EXTERNAL SYSTEMS AND FUNCTIONS

- e) Recommendation no. III.R.1, pursuant to which the company separates the units responsible for performing tasks in particular systems or functions within its structure, unless the separation of organisational units is grounded due to the size or type of the Company's activity.

Justification:

The said recommendation is not followed by the Issuer. According to the Company, the separation of organisational units, as mentioned in this recommendation, is groundless due to the size and type of the activity run by the Company.

In January 2017, the Company ceased to follow the detailed rule no. IV.Z.18. (GENERAL MEETING AND SHAREHOLDERS' RELATIONS), pursuant to which the resolution of the general meeting, concerning the distribution of the nominal value of shares, should not determine a new nominal value of shares lower than PLN 0,50, which could lead to very low unit market value of the shares and, consequently, pose a threat to the correctness and reliability of appraisal of the listed company. According to the Company, the distribution of the Company's shares and lowering their unit nominal value from PLN 0.1 to PLN 0.01, carried out pursuant to the resolution of the Extraordinary General Meeting of Shareholders of 31 January 2017, does not threaten the correctness and reliability of the Company's appraisal. The completed division of the Company, named above, and lowering of the Company's shares' nominal value are to increase the shares' liquidity and availability for small Shareholders/Investors and prospective Investors. According to the Company, this does not threaten the correctness and reliability of the Company's appraisal, especially given the current, high Company's share price. All the same, the fact that the Company ceases to follow the said detailed rule shall not lead to an extremely low unit market value of the Company's shares.

- B.** Moreover, some recommendations and detailed rules do not refer to the Company. Those include:

DISCLOSURE POLICY AND INVESTOR COMMUNICATIONS

- a) Recommendation no. I.R.2, pursuant to which if the company runs sponsoring, charity or similar activities, it shall include information on the relevant policy in the annual report on its operations.

Justification

The recommendation does not refer to the Company as it does not run any sponsoring, charity or other similar activities.

- b) Detailed rule no. I.Z.1.10, pursuant to which, if the company decided to publish them, the company should publish the financial perspectives for at least five recent years, including the information on the degree which they were implemented, on its website.

Justification

The rule does not refer to the Company as the Company has not decided to publish its financial perspectives. Such perspectives are not published on the corporate website of the Company.

GENERAL MEETING AND SHAREHOLDERS RELATIONS

- c) Recommendation no. IV.R.2, pursuant to which provided that it is justified due to the shareholding structure or the shareholders' expectations reported to the company, whenever the company is able to ensure technical infrastructure required to organise the general meeting efficiently using electronic communications means, it should enable shareholders to participate in the general meeting using such means, including but not limited to broadcasting the general meeting proceedings in real time, two-way communications as well as exercising, personally or by a plenipotentiary, of the voting right during the general meeting.

Justification

The recommendation does not refer to the Company due to the Company's size and Company's shares' ownership structure, which make it aimless and disproportionate to the prospective costs to organise the general meeting proceedings by the Company using the electronic communications means. The Company has not received any information on the Shareholders' expectations in this respect. At the same time, the Company enables all Shareholders to exercise their voting rights at the general meetings both personally and by a plenipotentiary without any restrictions.

- d) Recommendation no. IV.R.3., pursuant to which the company strives to ensure that when the securities issued by it are traded in various countries (or on various markets) and in different legal systems, the performance of corporate events related to purchasing the rights on the shareholder's part takes place on the same dates in all countries where they are listed.

Justification

The recommendation does not refer to the Company as all securities issued by the Company so far are traded solely on the regulated market in Poland.

- e) Detailed rule no. IV.Z.2, pursuant to which if it is justified by the shareholding structure, companies should ensure publicly available real-time broadcasts of general meetings.

Justification

The rule does not refer to the Company which due to the shareholding structure does not ensure publicly available real-time broadcasts of general meetings.

REMUNERATIONS

- f) Recommendation no. VI.R.3., pursuant to which if the supervisory board of the company has a remuneration committee, the rule II.Z.7. applies to its operations.

Justification

The recommendation does not refer to the Company as no remuneration committee has been appointed within the Supervisory Board of the Company.

III. Description of the major properties of the internal control and risk management systems employed by the Company with respect to the financial statement preparation.

The Company has an internal control system with respect to accounting and preparing financial statements, offering reliable and clear presentation of the Issuer's financial standing. The control system is supervised by the Company's Management Board. The internal control system in the scope it is connected with the financial statement covers e.g. the control of buying and selling and cash circulation. The Company has applied appropriate methods to secure access to data and computer system for their processing, including storage and protection of books and accounting documents. The annual financial statements of the Company are audited by a qualified and authorised entity, selected by the Company's Supervisory Board, whereas the mid-year statements are revised by the same entity.

The financial statements of the Company are published in line with the applicable regulations. Risk management is based on an efficient internal control system within the financial reporting, the assumptions of which are to ensure adequacy and correctness of financial information included in the financial statements and periodic reports.

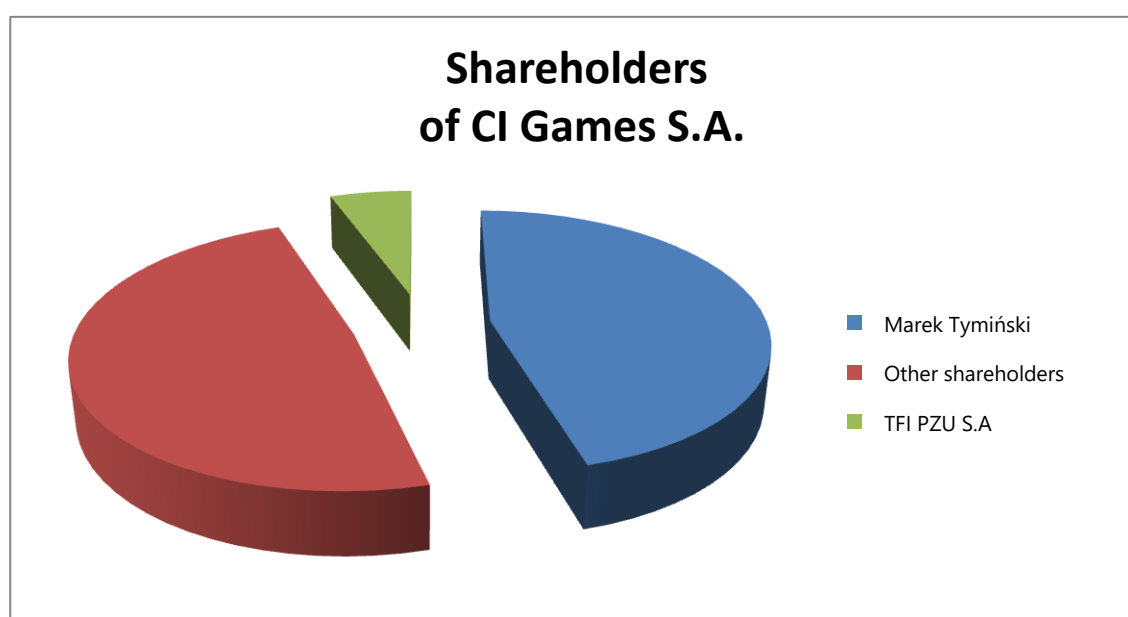
In the financial reporting process, one of the basic control components is the financial statement verification by an independent auditor whose tasks include e.g.: revision of the mid-year consolidated financial statement and audit of the individual and consolidated annual financial statement of the Issuer. The independent auditor, i.e. statutory auditor, is selected by the Supervisory Board by means of the applicable resolution. Every year, the Issuer's Supervisory Board assesses also the Company's financial statements audited before with respect to their conformity to the books and documents, as well as facts. The Supervisory Board notifies the GMS of the results of this assessment in its annual report. In 2016, the entity authorised to audit the separate and consolidated financial statements of the Company and the Capital Group was Misters Audytor Adviser sp. z o.o. seated in Warsaw (02-520), ul. Wiśniowa 40/5, entered into the Register of Entrepreneurs (KRS) kept by the District Court for the capital city of Warsaw in Warsaw, 13th Commercial Department of the National Court Register, under the KRS number: 0000375656, NIP: 521-359-13-29, REGON: 142757598, and entered in the list, kept by the national Board of Statutory Auditors, of entities authorized to audit financial statements under the number 3704 by the Resolution no. 4127/59/2011.

IV. Shareholders holding, indirectly or directly, significant blocks of shares, with the number of shares held by those entities, their percentage share in the share capital, number of votes resulting therefrom and their percentage share in the overall number of votes during the General Meeting.

The overall number of votes at the General Meeting of the Company Shareholders as at 31 December 2016 was 15,014,999 (say: fifteen million fourteen thousand nine hundred ninety nine) votes. Starting from 9 February 2017, i.e. when the amendments to the Company's Articles of Association and distribution of the Company's shares were registered by the Registration Court for the Company, the overall number of votes at the General Meeting of the Company is 150,149,990 (say: one hundred fifty million one hundred forty nine thousand nine hundred ninety).

The Shareholding of the Company (being a parent company in CI Games Capital Group), as at the submission of this periodic report/statement of following corporate governance rules for 2016 (i.e. after the Company's Registration Court registered the distribution of shares carried out pursuant the Resolution of the Extraordinary General Meeting of the Company of 31 January 2017), as per the statements delivered to the Company in line with the applicable legal regulations:

Item	Number of shares	% in share capital	Number of votes at GSM	% of votes at GSM
Marek Tymiński	59,663,570	39.74%	59,663,570	39.74%
Other shareholders	82,757,540	55.12%	82,757,540	55.12%
Towarzystwo Funduszy Inwestycyjnych PZU Spółka Akcyjna	7,728,880	5.15%	7,728,880	5.15%



The Shareholding of CI Games S.A. as at 31 December 2016 (i.e. before the distribution of CI Games S.A. shares), as per the statements delivered to the Company under the applicable legal regulations:

Item	Number of shares	% in share capital	Number of votes at GSM	% of votes at GSM
Marek Tymiński	5,966 357	39.74%	5,966,357	39.74%
Other shareholders	8,275,754	55.12%	8,275 754	55.12%
Towarzystwo Funduszy Inwestycyjnych PZU Spółka Akcyjna	772,888	5.15%	772,888	5.15%

V. Holders of any securities offering special control rights.

There are no securities of the Company offering any special control rights to their holders. All shares of the Company are ordinary shares, without any individual privileges or any share-related ones. Such a structure does not offer any special control rights. The only determinant of the control exercised in the Company by shareholders (at the GSM) is the number of shares (a fraction in the share capital of the Company, translating into the share of each shareholder in the overall number of shares in the

Company) which complies with the general rule of the Polish Commercial Companies' Code and corresponds to two major rules followed in a public company, i.e. the rule "one share — one vote" and the rule of shareholders' right proportionality to the number of shares held by them.

VI. All limitations concerning the exercise of voting right, e.g. limitation of the voting right exercise for holders of a specific fraction or number of votes, time-related limitations concerning the limitation of voting right exercise or provisions pursuant to which the capital rights related to securities are separate from the securities held, in cooperation with the Company.

The Company has no limitations concerning the exercise of voting right in the above scope.

VII. All limitations concerning the transfer of the ownership title to the Company's securities.

In the Company there are currently no limitations concerning the transfer of the ownership title to the Company's securities, except for the limitations of the B-series subscription warrant transferability, issued for the Incentive Program for the key employees and associates, including Management Board Members of CI Games S.A., adopted by the Company in April 2015, which may be received solely by the eligible employees and associates of the Company, named by the Company's Supervisory Board. The B-series subscription warrants are registered and non-transferable, with the reservation that they may be sold by their Nominee, i.e. Bank Zachodni WBK S.A. – Dom Maklerski BZ WBK with its seat in Wrocław solely to the eligible participants of the Incentive Program. B-series subscription warrants authorise their holders (e.g. eligible buyers) to acquire F-series shares, issued by the Company in connection with the above Incentive Program, in the future.

VIII. Rules concerning appointment and dismissal of the directors and their rights, including the right to decide on the shares issue or redemption of shares.

The rules concerning appointment and dismissal of the directors are determined in the provisions of the Polish Commercial Companies' Code and the Articles of Association.

The most important rules adopted by this respect are as follows:

- the number of the Management Board members is determined by the Company's Management Board comprising 1 to 5 people;
- The Management Board members are appointed and dismissed by the Supervisory Board for the five-year term of common office;
- The Management Board carries out the Company's affairs and represents the Company outside, except for the matters reserved for the General Meeting of Shareholders or Supervisory Board.

The resolutions concerning issue or redemption of shares are made by the General Meeting of Shareholders. The GMS resolutions concerning the issue of convertible bonds and subscription warrants, amendments to the Articles of Association, increase and decrease of the share capital are adopted by 3/4 of votes, pursuant to the relevant provisions of the Polish Commercial Companies' Code.

In November 2016, the G-series shares were issued under the resolution of the Company's Management Board and upon the consent of the Company's Supervisory Board. Under the said resolution, the Company's Management Board decided to increase the Company's share capital within the target capital, as per the authorisation contained in § 10a of the Company's Articles of Association, as notified by the Company in the current report no. 14/2016.

IX. Rules to amend the Articles of Association.

The rules concerning amendment of the Articles of Association are determined in the provisions of the Polish Commercial Companies' Code and the Articles of Association. The uniform text of the Articles of Association is available at the Issuer's website: www.cigames.com, in the "Investor Relations" section.

According to the provisions of Article 402 § 2 of the Polish Commercial Companies' Code, the announcement convening the General Meeting, the agenda of which provides for the planned amendment to the Articles of Association, should include the binding provisions of the Articles of Association and the wording of the planned amendments. If this is justified by the significant scope of the planned amendments to the Articles of Association, the announcement convening the General Meeting may contain a draft amended uniform text of the Articles with the list of the new or amended provisions of the Articles.

Pursuant to the Articles of Association, the amendment requires adoption of an applicable resolution of 3/4 (three fourths) of votes at the GMS. Pursuant to the provision of Article 430 § 1 of the Polish Commercial Companies' Code, the amendment of the Articles of Association shall require a resolution of the General Meeting and entry in the register (KRS).

In 2016, the Company's Articles of Association were amended because of the change (increase) of the share capital from the existing PLN 1,391,499.90 to PLN 1,501,499.90. The uniform text of the Company's Articles of Association, including the said amendment, was published in the current report no. 23/2016 of 8 December 2016, after the amendment was registered by the Company's Registration Court on 6 December 2016.

X. The method of the General Meeting of Shareholders' operation and its basic rights, and the rights of shareholders and the method of their exercise.

The General Meeting of Shareholders is held in line with the rules specified in the Commercial Companies' Code, the Articles of Association and the Rules of the General Meeting of Shareholders. The Articles of Association and the GMS Rules are available at the Company's website: www.cigames.com, in the "Investor Relations" section.

The General Meetings may be ordinary or extraordinary. The General Meeting is convened by the Management Board and whenever this results from the provisions of the Polish Commercial Companies' Code also the Supervisory Board or Shareholders representing the authorised majority by publishing the announcement convening the General Meeting at least twenty six days before the planned date of the General Meeting. The people entitled to participate in the General Meeting include the Company Shareholders who acquire such a right at least sixteen days before the General Meeting date.

All the issues requiring the resolutions of the General Meeting are stipulated in the provisions of Article 393 and consecutive of the Polish Commercial Companies' Code and in § 35 of the Company's Articles of Association.

The proceedings of the General Meeting are led by the Chairman who signs the General Meeting minutes made as a notarial deed. The Company's Shareholders may participate in the General Meeting and exercise their voting right personally or by the plenipotentiaries.

The detailed Shareholders' rights and obligations related to the participation in the General Meeting of Shareholders, and to the exercise of the voting right, are specified in the Commercial Companies' Code and the Articles of Association, as well as in the applicable regulations of the capital market. The Company observes the Shareholders' rights resulting from the applicable legal regulations and the Company's Articles of Association.

In 2016, the Ordinary General Meeting of Shareholders took place. No Extraordinary General Meeting was convened.

XI. Composition and the rules of operation of the Company's management and supervisory bodies, and their committees.

CI Games S.A. Management Board

Marek Tymiński	Management Board President for the whole 2016
Adam Pieniacki	Management Board Member for the whole 2016
Monika Rumianek	Management Board Member for the whole 2016
Łukasz Misiurski	Management Board Member by 23 march 2016

CI Games S.A. Supervisory Board

Dasza Gadomska	Supervisory Board Chairperson for the whole 2016
Norbert Biedrzycki	Supervisory Board Member for the whole 2016
Grzegorz Leszczyński	Supervisory Board Member for the whole 2016
Tomasz Litwiniuk	Supervisory Board Member for the whole 2016
Mariusz Sawoniewski	Supervisory Board Member for the whole 2016

The rules of the management and supervisory bodies' operation are specified in the provisions of the Commercial Companies' Code, Articles of Association and in the Management Board Rules and the Supervisory Board Rules. The Articles of Association, the Management Board Rules and the Supervisory Board Rules are available at the Company's website: www.cigames.com, in the "Investor Relations" section.

Throughout the entire 2016, the Company's Management Board acted in line with the provisions of the Commercial Companies' Code, Articles of Association and Management Board Rules. The person authorised to represent the Company, including to make the declarations of intent in the Company's name, was the Management Board President acting single-handedly or two Management Board Members acting jointly and severally. No proxy was appointed for the Company.

The Company's Management Board has a legal obligation to follow the Company's interest. It determines its strategy and key operation objectives and is also responsible for their achievement. As per the Commercial Companies' Code, the Management Board manages the Company's affairs.

The Management Board is obliged to act within the justified economic risk. With respect to the Company, the Management Board Members are subject solely to the limitations stipulated in the Commercial Companies' Code, the Articles of Association, the Management Board Rules, the Supervisory Board Rules and in the resolutions of the General Meeting. The General Meeting and the Supervisory Board may not give any binding orders to the Management Board with respect to managing the Company's affairs.

The Management Board meets at meetings. The Management Board resolutions are entered in the minutes. The minutes are signed by the present Management Board Members. The detailed rules of the Management Board proceedings are included in the Management Board Rules adopted by the Management Board and approved by the Supervisory Board.

The Company's Supervisory Board exercises ongoing supervision of the Company's activities in all areas of its business. The Supervisory Board acts pursuant to the provisions of the Commercial Companies' Code, the Articles of Association and the Supervisory Board Rules adopted by way of resolution by the General Meeting of the Company. In 2016, the Chairwoman led the works of the Supervisory Board. The Supervisory Board shall be convened as necessary, not less frequently than three times in a financial year. Resolutions of the Supervisory Board shall be adopted by an absolute majority of votes. In case of equal number of votes, the vote of the Chairwoman of the Supervisory Board is decisive. The Supervisory Board adopts resolutions if at least half of its Members are present at the meeting, and all Board Members were notified of the meeting as required. The Supervisory Board resolutions are entered in the minutes. The minutes are signed by the present Supervisory Board Members.

In 2016, the Company's Supervisory Board had five meetings. Moreover, in 2016 the Supervisory Board adopted eight resolutions in writing.

The Audit Committee was created within the Supervisory Board in 2016. The Audit Committee includes:

Tomasz Litwiniuk	Audit Committee Chairman for the whole 2016
Dasza Gadomska	Committee Member for the whole 2016
Mariusz Sawoniewski	Committee Member for the whole 2016

All Audit Committee Members meet the criteria of independence, and moreover Tomasz Litwiniuk and Mariusz Sawoniewski are members of the Audit Committee qualified in the field of accounting and financial audit, named in the Act of 7 May 2009 on Statutory Auditors, their Self-Governing Organisation, Entities Authorised to Audit Financial Statements and on Public Oversight (Journal of Laws of 2016, item 1000 as amended).

Marek Tymiński

CI GAMES S.A. Management Board President

Monika Rumianek

CI GAMES S.A. Management Board Member

Adam Pieniacki

CI GAMES S.A. Management Board Member

Warsaw, March 31, 2017