



WARSAW, 14th NOVEMBER 2019

**INTERIM FINANCIAL REPORT
FOR THE NINE MONTHS
ENDED SEPTEMBER 30TH 2019**

LETTER FROM THE MANAGEMENT BOARD	2
SELECTED FINANCIAL DATA	3
Statement of financial position	3
Statement of profit or loss.....	3
Statement of cash flows.....	3
1. OVERVIEW	4
1.1. Company overview	4
1.2. Covered periods.....	4
1.3. Governing bodies as at September 30th 2019	4
1.4. Large holdings of Company shares as at the issue date of the report	5
1.5. Company shares held by members of its management and supervisory staff as at September 30th 2019	5
1.6. Headcount	5
1.7. Functional and presentation currency	5
2. INTERIM CONDENSED FINANCIAL STATEMENTS OF 11 BIT STUDIOS S.A.	6
2.1. Interim condensed statement of profit or loss and other comprehensive income (PLN)	6
2.2. Interim condensed statement of financial position (PLN).....	7
2.3. Interim condensed statement of changes in equity (PLN)	8
2.4. Interim condensed statement of cash flows (PLN).....	10
3. NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS OF 11 BIT STUDIOS S.A. ...	11
3.1. International Financial Reporting Standards applied by the Company	11
3.2. Material achievements or failures of the Company in the reporting period	12
3.3. Revenue (PLN).....	13
3.4. Other income and expenses (PLN).....	14
3.5. Depreciation and amortisation (PLN)	14
3.6. Services (PLN)	15
3.7. Salaries, wages and employee benefits (PLN)	15
3.8. Finance income (PLN)	15
3.9. Finance costs (PLN).....	16
3.10. Income tax on continuing operations (PLN)	16
3.11. Earnings per share (PLN).....	17
3.12. Property, plant and equipment (PLN)	17
3.13. Intangible assets (PLN).....	19
3.14. Trade and other receivables (PLN).....	20
3.15. Non-current financial assets (PLN)	21
3.16. Current financial assets (PLN)	21
3.17. Other current assets (PLN)	21
3.18. Other assets (PLN)	21
3.19. Cash and cash equivalents (PLN)	22
3.20. Share capital (PLN)	22
3.21. Liabilities under contracts with customers	22
3.22. Borrowings	22
3.23. Trade and other payables (PLN)	22
3.24. Accrued employee bonuses and other accruals and deferred income (PLN)	23
3.25. Financial instruments (PLN)	23
3.26. Deferred income (PLN).....	24
3.27. Related-party transactions	24
3.28. Information on dividend paid or declared	26
3.29. Capital commitments	26
3.30. Contingent assets and liabilities	26
3.31. Seasonal and cyclical changes in the Company's business during the reporting period	26
3.32. Factors and events, especially of a non-recurring nature, with bearing on the financial results	26
3.33. Events subsequent to the reporting date	26
3.34. Factors with bearing on the Company's future results	26
3.35. Proceedings pending before a court, arbitration body or public administration authority.....	27
3.36. Management Board's statement	27
3.37. Authorisation of financial statements	28

LETTER FROM THE MANAGEMENT BOARD

Warsaw, November 14th 2019

Dear Shareholders and Investors

It is our pleasure to present to you the financial report of 11 bit studios S.A. for the first three quarters of 2019. We are satisfied with the Company's business achievements and its financial performance during this period. In the first three quarters of 2019, 11 bit studios S.A. generated revenue of PLN 49.43m, EBITDA of PLN 17.84m, operating profit of PLN 13.26m, and net profit of PLN 10.02m. Please note that our net profit is reduced by non-cash provisions recognised in connection with the Company's 2017-2019 Incentive Scheme. In the first nine months of the year, the provisions amounted to nearly PLN 6.2m. The best evidence of 11 bit studios S.A.'s healthy financial condition is cash flows from operating activities, which in the first three quarters of 2019 amounted to PLN 36.63m, up 5.48% year on year, despite the absence of any new game releases. As a result, as at the end of September 2019 the Company's total financial assets (cash, bank deposits and trade receivables) amounted to PLN 90.47m, which means an increase of 7.73% on the first half of 2019 (PLN 83.98m) and as much as 27.61% on the beginning of the year (PLN 70.90m).

The solid financial performance delivered by 11 bit studios S.A. is the result of successful monetisation of the entire portfolio of proprietary games, i.e. *Frostpunk* and *This War of Mine*, as well as third party productions released by our publishing division, mainly *Moonlighter*. *Children of Morta*, released for PCs on September 3rd 2019, also made a small contribution to our financial performance for the first three quarters of 2019. We strongly believe that this last title, as well as all of the games first mentioned above, will be positive contributors to the Company's performance for a number of quarters.

Ahead of us are the last weeks of 2019, which will be decisive for our full-year financial figures. The debuts of *Frostpunk* and *Children of Morta* for Xbox One and PS4, which are already behind us, the upcoming release (on November 20th 2019) of *Children of Morta* for Nintendo Switch, the launch of sale of a series of *Frostpunk* add-ons as part of the Season Pass, combined with end-of-the-year promotional and sale campaigns, should make the fourth quarter the best quarter of this year for 11 bit studios S.A., in line with our previous announcements.

However, our business plans reach much further than the current quarter or year. We are working hard on the production of a game under the working name *Projekt 8*, with a budget estimated at no less than PLN 20m, which is twice the budget allocated for *Frostpunk*. The team involved in this production already comprises nearly 30 people and is being regularly expanded. We have also started conceptual work on another game, *Projekt 9*, and still this year we will begin conceptual work on *Projekt 10*. This will take us much further along the path to achieving our medium-term (several-year) goal of releasing one proprietary game a year.

The 11 bit publishing division, which focuses on building the portfolio for the coming quarters and years, is also pursuing many interesting projects. The financial success of *Moonlighter* and *Children of Morta*, which both have garnered top reviews from the media and users, have significantly boosted the Company's position as a major global game publisher. The 11 bit publishing team are holding promising talks and negotiations which are likely to bring in publishing contracts with a much higher value and commercial potential than those which have been executed to date. The Company's intention is to publish selected information on new publishing projects still in 2019 so as to prove that the achievement of the publishing division's medium-term (several-year) goal, i.e. three to four game debuts each year (games created by external studios), is feasible.

In order to meet the challenges for the coming years, 11 bit studios S.A. is actively recruiting for new employees. By the end of this year, the Company's workforce should reach approximately 140 people. In 2020, this number may increase to even 180-200 people. This, however, does not mean that our recruitment efforts will be over, as in the first months of 2020 11 bit studios S.A. will be moving to new offices at ul. Brzeska 2 in Warsaw, providing space for as many as 300 employees.

Thank you once again for the trust you have placed in us. We invite you to read our report.

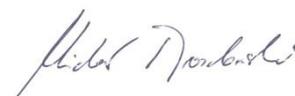
On behalf of the Management Board,



Grzegorz Miechowski
President of the Management Board



Przemysław Marszał
Member of the Management Board



Michał Drozdowski
Member of the Management Board

SELECTED FINANCIAL DATA

The selected financial data presented in the tables below was converted into the euro at the following rates:

Assets, equity and liabilities in the statement of financial position - at the mid exchange rate quoted by the National Bank of Poland on the last day of the reporting period:

- Exchange rate as at September 30th 2019 - **PLN 4.3736**
- Exchange rate as at December 31st 2018 - **PLN 4.3000**

Items of the statement of profit or loss and statement of cash flows - at the average mid exchange rate calculated as the arithmetic mean of the exchange rates quoted by the National Bank of Poland for the last day of each month in the period.

- Exchange rate for Q1-Q3 2019 - **PLN 4.3086**
- Exchange rate for Q1-Q3 2018 - **PLN 4.2535**

STATEMENT OF FINANCIAL POSITION

	Sep 30 2019 (PLN) <i>(unaudited)</i>	Dec 31 2018 (PLN) <i>(audited)</i>	Sep 30 2019 (EUR) <i>(unaudited)</i>	Dec 31 2018 (EUR) <i>(audited)</i>
Total assets	138,763,509	109,262,821	31,727,526	25,409,959
Non-current assets	42,542,612	41,316,893	9,727,138	9,608,580
Intangible assets	20,963,346	17,138,011	4,793,156	3,985,584
Current assets	96,220,897	67,945,928	22,000,388	15,801,379
Other financial assets (TFI)	0	5,094,282	0	1,184,717
Bank deposits with maturities of more than 3 months	69,208,652	27,000,000	15,824,184	6,279,070
Cash	13,848,871	24,250,681	3,166,469	5,639,693
Total equity and liabilities	138,763,509	109,262,821	31,727,526	25,409,959
Equity	106,071,687	89,911,573	24,252,718	20,909,668
Liabilities and provisions	32,691,822	19,351,249	7,474,808	4,500,290

STATEMENT OF PROFIT OR LOSS

	Period ended Sep 30 2019 (PLN) <i>(unaudited)</i>	Period ended Sep 30 2018 (PLN) <i>(unaudited)</i>	Period ended Sep 30 2019 (EUR) <i>(unaudited)</i>	Period ended Sep 30 2018 (EUR) <i>(unaudited)</i>
Revenue	49,430,023	59,620,481	11,472,409	14,016,805
Depreciation and amortisation	4,580,558	2,902,252	1,063,120	682,321
Operating profit	13,259,962	35,224,310	3,077,557	8,281,253
EBITDA	17,840,520	38,126,562	4,140,677	8,963,574
Profit (loss) before tax	13,914,950	36,376,318	3,229,576	8,552,091
Net profit (loss)	10,021,232	28,518,085	2,325,867	6,704,616

STATEMENT OF CASH FLOWS

	Period ended Sep 30 2019 (PLN) <i>(unaudited)</i>	Period ended Sep 30 2018 (PLN) <i>(unaudited)</i>	Period ended Sep 30 2019 (EUR) <i>(unaudited)</i>	Period ended Sep 30 2018 (EUR) <i>(unaudited)</i>
Net cash from operating activities	36,630,048	34,726,289	8,501,613	8,174,135
Net cash from investing activities	(45,777,069)	(33,320,428)	(10,624,581)	(7,833,649)
Net cash from financing activities	(1,254,790)	0	(291,229)	0
Total net cash flows	(10,401,811)	1,405,861	(2,414,197)	330,519

1. OVERVIEW

11 bit studios S.A. (the “Company”) was incorporated by a notarial deed of December 7th 2009 before notary public Paweł Andrzej Kania at his Notary Office in Warsaw (number in the register of notarial deeds: Rep. 16069/2009). The Company shares are traded in a public market.

1.1. COMPANY OVERVIEW

Business name:	11 bit studios Spółka Akcyjna
Abbreviated name:	11 bit studios S.A.
Registered office:	Warsaw, Poland
Registered address:	03-472 Warsaw, ul. Bertolta Brechta 7
Principal business activity:	in accordance with the Polish Classification of Business Activities - computer programming activities (62.01.Z)
Registry court:	District Court for the Capital City of Warsaw in Warsaw, 13th Commercial Division
National Court Register No. KRS:	0000350888;
Tax Identification Number (NIP):	1182017282;
Industry Identification Number (REGON):	142118036

The Company was established for indefinite time.

The financial year of the Company is the same as the calendar year.

The Company’s principal business activity includes:

- Production of cross-platform video games,
- Sale of cross-platform video games.

The Company does not have any subsidiaries, associates or interests in joint ventures.

1.2. COVERED PERIODS

These interim condensed financial statements of 11 bit studios S.A. present data for the reporting period from January 1st to September 30th 2019 and contain the following comparative data:

- Statement of financial position - as at December 31st 2018,
- Statement of profit or loss and other comprehensive income - nine months ended September 30th 2018,
- Statement of changes in equity - nine months ended September 30th 2018,
- Statement of cash flows - nine months ended September 30th 2018.

1.3. GOVERNING BODIES AS AT SEPTEMBER 30TH 2019

Management Board

- Grzegorz Miechowski - President of the Management Board
- Przemysław Marszał - Member of the Management Board
- Michał Drozdowski - Member of the Management Board

Supervisory Board

- Wojciech Ozimek - Chairman of the Supervisory Board
- Jacek Czykiel - Deputy Chairman of the Supervisory Board
- Radosław Marter - Member of the Supervisory Board
- Marcin Kuciapski - Member of the Supervisory Board
- Piotr Wierzbicki - Member of the Supervisory Board

In the reporting period, the Company’s Supervisory Board did not change the composition of the Management Board of 11 bit studios S.A., reappointing its members for another three-year term of office at the Supervisory Board’s meeting held on May 23rd 2019. The term of office of the Management Board members expires on the date when the General Meeting approves the Company’s financial statements for the financial year ending December 31st 2021.

The composition of the Supervisory Board of 11 bit studios S.A. changed in the reporting period. The Annual General Meeting held on May 23rd 2019 appointed the Company’s Supervisory Board for a new three-year term of office, with the following composition: Wojciech Ozimek, Jacek Czykiel and Radosław Marter (members of the Company’s Supervisory Board of the previous term of office), as well as Marcin Kuciapski and Piotr Wierzbicki. At its meeting held on June 18th 2019, the Company’s Supervisory Board passed a resolution to appoint Wojciech Ozimek as Chairman of the Supervisory Board, and Jacek Czykiel as Deputy Chairman of the Supervisory Board. The term of office of the Supervisory Board members expires on the date when the General Meeting approves the Company’s financial statements for the financial year ending December 31st 2021. At its meeting held on September 3rd 2019, the Supervisory Board appointed an Audit Committee with the following composition: Jacek Czykiel (Chairman), Radosław Marter, and Piotr Wierzbicki.

1.4. LARGE HOLDINGS OF COMPANY SHARES AS AT THE ISSUE DATE OF THE REPORT

Name	Number of shares (shares)	% of share capital held	Number of votes (shares)	% of total voting rights at GM
Grzegorz Miechowski	162,000	7.08	162,000	7.08
Przemysław Marszał	118,000	5.16	118,000	5.16
Michał Drozdowski	89,630	3.92	89,630	3.92
NN TFI*	137,771	6.02	137,771	6.02
Aviva Investors Polska TFI*	204,225	8.93	204,225	8.93
Other shareholders	1,575,573	68.89	1,575,573	68.89
Total	2,287,199	100.00	2,287,199	100.00

* Number of shares registered at the Annual General Meeting held on May 23rd 2019.

In the reporting period, there were changes in the shareholding structure of 11 bit studios S.A.

In Current Report No. 1/2019, 11 bit studios S.A. reported that on January 2nd 2019 the Company received a notification under Art. 69.1.1 in conjunction with Art. 87.1.2.a) of the Act on Public Offering, Conditions Governing the Introduction of Financial Instruments to Organised Trading, and Public Companies from Aviva Investors Poland Towarzystwo Funduszy Inwestycyjnych S.A. ("Aviva TFI"), acting on behalf of Aviva Investors Fundusz Inwestycyjny Otwarty (the "Fund"), of exceeding the threshold of 5% of total voting rights in 11 bit studios S.A. The percentage of total voting rights in the Company changed following the purchase of Company shares by the Fund on December 20th 2018. Prior to the change, the Fund held 113,709 shares in 11 bit studios S.A., representing 4.97% of the Company's share capital. Upon the transaction, the Fund held 115,839 shares in 11 bit studios S.A., representing 5.06% of the Company's share capital.

In Current Report No. 18/2019 of August 19th 2019, 11 bit studios S.A. announced that on August 19th 2019 the Company received a notification given Art. 69.1.1 in conjunction with Art. 87.1.2.a) of the Act on Public Offering, Conditions Governing the Introduction of Financial Instruments to Organised Trading, and Public Companies from Aviva Investors Poland Towarzystwo Funduszy Inwestycyjnych S.A. ("Aviva TFI"), acting on behalf of Aviva Investors Fundusz Inwestycyjny Otwarty (the "Fund"), of going below the threshold of 5% of total voting rights in 11 bit studios S.A. The percentage of total voting rights in the Company changed following the sale of some of the Company shares by the Fund on August 13th 2019. Prior to the change, the Fund held 120,771 shares in 11 bit studios S.A., representing 5.28% of the Company's share capital. As at the date of going below the 5% threshold, the Fund held 101,146 shares in 11 bit studios S.A., representing 4.42% of the Company's share capital. At the same time, Aviva TFI announced that the Aviva Investors Fundusz Inwestycyjny Otwarty and Aviva Investors Specjalistyczny Fundusz Inwestycyjny Otwarty funds continue to hold in aggregate more than 5% of total voting rights at the Company's General Meeting.

1.5. COMPANY SHARES HELD BY MEMBERS OF ITS MANAGEMENT AND SUPERVISORY STAFF AS AT SEPTEMBER 30TH 2019

	Position	Number of shares as at Dec 31 2018 (shares)	Number of shares as at Sep 30 2019 (shares)	Number of shares as at this report date
Grzegorz Miechowski	President of the Management Board	162,000	162,000	162,000
Przemysław Marszał	Member of the Management Board	118,000	118,000	118,000
Michał Drozdowski	Member of the Management Board	89,630	89,630	89,630

1.6. HEADCOUNT

As at the date of issue of these financial statements, 123 persons are employed at or provide services to 11 bit studios S.A. under employment contracts or other civil-law agreements.

1.7. FUNCTIONAL AND PRESENTATION CURRENCY

These interim condensed financial statements are presented in the Polish złoty (PLN). The Management Board decided that the Polish złoty would be the Company's functional and presentation currency. In the case of an entity operating on international markets, the choice of the functional currency and the identification of the currency which should be recognised as the currency used in the principal economic environment in which the entity operates, is a subjective decision. The Company monitors its economic environment for any material changes that could affect its choice of functional currency.

2. INTERIM CONDENSED FINANCIAL STATEMENTS OF 11 BIT STUDIOS S.A.

2.1. INTERIM CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (PLN)

	Note	3 months ended Sep 30 2019 (unaudited)	3 months ended Sep 30 2018 (unaudited)	9 months ended Sep 30 2019 (unaudited)	9 months ended Sep 30 2018 (unaudited)
Continuing operations					
Revenue	3.3	18,691,058	13,895,109	49,430,023	59,620,481
Other income	3.4	193,852	133,263	347,794	596,656
Total operating income		18,884,910	14,028,372	49,777,817	60,217,137
Depreciation and amortisation	3.5	(1,542,415)	(1,513,263)	(4,580,558)	(2,902,252)
Raw materials and consumables used		(96,592)	(48,558)	(315,543)	(161,269)
Services	3.6	(9,215,626)	(4,752,405)	(21,163,963)	(11,683,219)
Salaries, wages and employee benefits	3.7	(3,163,489)	(2,510,363)	(9,348,731)	(8,941,048)
Taxes and charges		(70,032)	(24,745)	(184,136)	(159,060)
Other expenses	3.4	(216,685)	(138,024)	(918,567)	(1,092,296)
(Impairment)/reversal of impairment of financial instruments		0	500	(6,357)	(53,683)
Total operating expenses		(14,304,839)	(8,986,859)	(36,517,855)	(24,992,828)
Operating profit		4,580,071	5,041,513	13,259,962	35,224,310
Interest income	3.8	298,848	112,577	794,569	276,172
Finance income		150,573	(254,099)	150,573	876,784
Finance costs	3.9	(85,798)	(370)	(290,155)	(948)
Profit before tax		4,943,695	4,899,621	13,914,950	36,376,318
Income tax expense	3.10	1,335,718	1,297,876	3,893,718	7,858,233
Net profit from continuing operations		3,607,977	3,601,745	10,021,232	28,518,085
Discontinued operations		0	0	0	0
Net profit from discontinued operations		0	0	0	0
NET PROFIT	3.11	3,607,977	3,601,745	10,021,232	28,518,085
Earnings per share (PLN per share) from continuing operations:					
Basic	3.11	1.58	1.57	4.38	12.47
Diluted	3.11	1.49	1.49	4.15	11.80

	Note	3 months ended Sep 30 2019 (unaudited)	3 months ended Sep 30 2018 (unaudited)	9 months ended Sep 30 2019 (unaudited)	9 months ended Sep 30 2018 (unaudited)
NET PROFIT	3.11	3,607,977	3,601,745	10,021,232	28,518,085
Other comprehensive income		0	0	0	0
Total other comprehensive income, net		0	0	0	0
TOTAL COMPREHENSIVE INCOME	3.11	3,607,977	3,601,745	10,021,232	28,518,085

2.2. INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION (PLN)

ASSETS

	Note	As at Sep 30 2019 (unaudited)	As at Dec 31 2018 (audited)
Non-current assets			
Property, plant and equipment	3.12	19,163,036	18,734,064
Intangible assets	3.13	20,963,345	17,138,011
Right-of-use assets		345,140	0
Deferred tax asset		2,054,875	158,033
Other assets	3.18	16,215	192,503
Non-current financial assets	3.15	0	5,094,282
Total non-current assets		42,542,611	41,316,893
Current assets			
Trade and other receivables	3.14	7,412,715	14,552,625
Inventories - prepaid deliveries of goods and services		18,389	0
Income tax receivable	3.10	3,717,921	1,845,130
Other current assets	3.17	2,014,350	297,492
Cash and cash equivalents	3.19	13,848,871	24,250,681
Current financial assets	3.16	69,208,652	27,000,000
Total current assets		96,220,898	67,945,928
TOTAL ASSETS		138,763,509	109,262,821

EQUITY AND LIABILITIES

	Note	As at Sep 30 2019 (unaudited)	As at Dec 31 2018 (audited)
Equity			
Share capital	3.20	228,720	228,720
Share premium		4,870,274	4,870,274
Statutory reserve funds		78,881,784	41,331,887
Share-based payment reserve		12,277,762	6,138,880
Retained earnings		9,813,148	37,341,812
Total equity		106,071,688	89,911,573
Non-current liabilities			
Long-term borrowings and other debt instruments	3.24	10,824,905	11,340,000
Deferred income	3.26	542,562	677,555
Lease liabilities - perpetual usufruct of land		335,099	0
Total non-current liabilities		11,702,566	12,017,555
Current liabilities			
Trade and other payables	3.23	13,181,618	5,122,519
Liabilities under contracts with customers	3.21	6,257,269	557,145
Short-term borrowings and other debt instruments	3.24	1,312,110	1,452,203
Lease liabilities - perpetual usufruct of land		12,653	0
Deferred income	3.26	225,605	201,826
Total current liabilities		20,989,255	7,333,693
Total liabilities		32,691,821	19,351,248
TOTAL EQUITY AND LIABILITIES		138,763,509	109,262,821

2.3. INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY (PLN)

	Share capital	Share premium	Statutory reserve funds	Share-based payment reserve	Exchange differences on translation of foreign operations and other adjustments	Retained earnings	Attributable to owners of the parent	Attributable to non-controlling interests	Total
As at Jan 1 2019 <i>(audited)</i>	228,720	4,870,274	41,331,887	6,138,880	0	37,341,812	0	0	89,911,573
Net profit	0	0	0	0	0	10,021,233	0	0	10,021,233
Other comprehensive income for the financial year (net)	0	0	0	0	0	0	0	0	0
Total comprehensive income	0	0	0	0	0	10,021,233	0	0	10,021,233
Profit allocated to statutory reserve funds	0	0	37,549,897	0	0	(37,549,897)	0	0	0
Share-based payments	0	0	0	6,138,882	0	0	0	0	6,138,882
Balance as at Sep 30 2019 <i>(unaudited)</i>	228,720	4,870,274	78,881,784	12,277,762	0	9,813,148	0	0	106,071,688

	Share capital	Share premium	Statutory reserve funds	Share-based payment reserve	Exchange differences on translation of foreign operations and other adjustments	Retained earnings	Attributable to owners of the parent	Attributable to non-controlling interests	Total
As at Jan 1 2018 <i>(audited)</i>	228,720	4,870,274	37,914,547	0	0	3,209,255	0	0	46,222,796
Net profit for the financial year	0	0	0	0	0	28,518,085	0	0	28,518,085
Other comprehensive income for the financial year (net)	0	0	0	0	0	0	0	0	0
Total comprehensive income	0	0	0	0	0	28,518,085	0	0	28,518,085
Profit allocated to statutory reserve funds	0	0	0	0	0	0	0	0	0
Share-based payments	0	0	3,417,340	4,092,586		(3,417,340)	0	0	4,092,586
Balance as at Sep 30 2019	228,720	4,870,274	41,331,887	4,092,586	0	28,310,000	0	0	78,833,467

	Share capital	Share premium	Statutory reserve funds	Share-based payment reserve	Exchange differences on translation of foreign operations and other adjustments	Retained earnings	Attributable to owners of the parent	Attributable to non-controlling interests	Total
As at Jan 1 2018	228,720	4,870,274	37,914,547	0	0	3,209,255	0	0	46,222,796
Net profit for the financial year	0	0	0	0	0	37,549,897	0	0	37,549,897
Other comprehensive income for the financial year (net)	0	0	0	0	0	0	0	0	0
Total comprehensive income	0	0	0	0	0	37,549,897	0	0	37,549,897
Profit allocated to statutory reserve funds	0	0	3,417,340	0	0	(3,417,340)	0	0	0
Share-based payments	0	0	0	6,138,880	0	0	0	0	6,138,880
As at Dec 31 2018	228,720	4,870,274	41,331,887	6,138,880	0	37,341,812	0	0	89,911,573

2.4. INTERIM CONDENSED STATEMENT OF CASH FLOWS (PLN)

	Note	Period ended Sep 30 2019 (unaudited)	Period ended Sep 30 2018 (unaudited)
Cash flows from operating activities			
Profit for the financial year		10,021,232	28,518,085
Adjustments:			
Depreciation and amortisation	3.5	4,580,558	2,902,252
Income tax expense recognised in profit or loss		3,893,718	7,858,233
Revaluation of intangible assets		33,959	0
Other adjustments		6,534,971	2,180,257
Changes in working capital:			
Increase/decrease in trade and other receivables		7,139,911	(1,859,538)
Increase/decrease in inventories		(18,389)	0
Increase/decrease in other assets		(1,540,569)	(39,839)
Increase/decrease in trade and other payables		8,059,101	5,704,555
Increase/decrease in balance under contracts with customers		5,700,124	0
Increase/decrease in deferred income		(111,216)	(285,367)
Interest received - discount on settlement of bonds		0	(42,397)
Cash provided by operating activities		44,293,399	44,936,241
Income tax paid		(7,663,351)	(10,209,952)
Net cash from operating activities		36,630,049	34,726,289
Cash flows from investing activities			
Proceeds from bank deposits upon maturity - over 3 months		68,000,000	6,000,000
Disposal of financial assets (TFI units)		5,094,282	0
New bank deposits placed - over 3 months		(110,000,000)	(33,000,000)
Proceeds from bonds upon maturity		0	11,000,000
Purchase of bonds		0	(10,957,605)
Payments for property, plant and equipment and intangible assets		(8,871,351)	(6,362,823)
Net cash from investing activities		(45,777,069)	(33,320,428)
Cash flows from financing activities			
Increase and decrease in borrowings (including realised exchange differences)		(945,000)	0
Payment of interest		(309,790)	0
Net cash from financing activities		(1,254,790)	0
Net increase in cash and cash equivalents		(10,401,810)	1,405,860
Cash and cash equivalents at beginning of reporting period		24,250,681	28,176,333
Cash and cash equivalents at end of reporting period		13,848,871	29,582,193

3. NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS OF 11 BIT STUDIOS S.A.

3.1. INTERNATIONAL FINANCIAL REPORTING STANDARDS APPLIED BY THE COMPANY

These financial statements have been prepared on a historical cost basis.

The Company maintains accounting records and prepares financial statements in accordance with International Financial Reporting Standards as endorsed by the European Union (“IFRSs”).

3.1.1. Statement of compliance

These financial statements have been prepared in compliance with International Financial Reporting Standards (“IFRSs”) as endorsed by the European Union and related interpretations issued in the form of the European Commission’s regulations.

The Company has applied the IFRSs as effective on September 30th 2019. The accounting policies applied to prepare these financial statements for the nine months ended September 30th 2019 are consistent with the policies applied to prepare the Company’s full-year financial statements for 2018, except for the changes described below. The same policies have been applied for the current and comparative periods.

3.1.2. Amendments to existing standards applied for the first time in the Company’s financial statements for 2019

The following new standards, amendments to existing standards and interpretations issued by the International Accounting Standards Board (IASB) and endorsed by the EU were applied for the first time in the Company’s financial statements for 2019:

- **IFRS 16 Leases** - endorsed by the EU on October 31st 2017 (effective for annual periods beginning on or after January 1st 2019).
- **Amendments to IFRS 9 Financial Instruments: prepayment features with negative compensation** - endorsed by the EU on March 22nd 2018 (effective for annual periods beginning on or after January 1st 2019).
- **Amendments to IAS 19 Employee Benefits: plan amendment, curtailment or settlement**, endorsed by the EU on March 13th 2019 (effective for annual periods beginning on or after January 1st 2019).
- **Amendments to IAS 28 Investments in Associates and Joint Ventures: long-term interests in associates and joint ventures**, endorsed by the EU on February 8th 2019 (effective for annual periods beginning on or after January 1st 2019).
- **Amendments to various standards resulting from Annual Improvements to IFRS Standards 2015-2017 Cycle** - amendments made as part of the annual IFRS improvements project (IFRS 3, IFRS 11, IAS 12 and IAS 23) primarily to correct conflicts and clarify wording, endorsed by the EU on March 14th 2019 (effective for annual periods beginning on or after January 1st 2019).
- **IFRIC 23 Uncertainty over Income Tax Treatments** endorsed by the EU on October 23rd 2018 (effective for annual periods beginning on or after January 1st 2019).

The new standards specified above, amendments to standards and the interpretation did not have a material impact on the Company’s financial statements for 2019.

3.1.3. New standards and amendments to existing standards already issued by the IASB and endorsed by the EU but not yet effective

On the date of approving these financial statements, there were no new standards, amendments to existing standards or interpretations issued by the IASB and endorsed by the EU that would become effective at a later date.

3.1.4. New standards, interpretations and amendments to the existing standards issued by the IASB but not yet endorsed by the EU

There are no major differences between the IFRS as endorsed by the EU and the regulations issued by the International Accounting Standards Board (IASB), with the exception of the following new standards and amendments to standards which were not yet endorsed by the EU as at the issue date of this report (the following effective dates refer to the full versions of respective standards):

- **IFRS 14 Regulatory Deferral Accounts** (effective for annual periods beginning on or after January 1st 2016) - the European Commission has decided not to launch the endorsement process of this interim standard until the final IFRS 14 is issued.
- **IFRS 17 Insurance Contracts** (effective for annual periods beginning on or after January 1st 2021).
- **Amendments to IFRS 3 Business Combinations** - definition of a business (applying to business combinations with the acquisition date falling on the start of the first annual period beginning on or after January 1st 2020 and in respect of the acquisition of assets which took place on or after the start of that annual period).

- Amendments to IFRS 9 *Financial Instruments*, IAS 39 *Financial Instruments: Recognition and Measurement*, and IFRS 7 *Financial Instruments: Disclosures* - Interest Rate Benchmark Reform (effective for annual periods beginning on or after January 1st 2020),
- Amendments to IFRS 10 *Consolidated Financial Statements* and IAS 28 *Investments in Associates and Joint Ventures*: sale or contribution of assets between an investor and its associate or joint venture, and further amendments (the effective date of the amendments has been postponed until research into the equity method is completed).
- Amendments to IAS 1 *Presentation of Financial Statements* and IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* - definition of materiality (effective for annual periods beginning on or after January 1st 2020).
- Amendments to references to the conceptual framework in IFRS Standards (effective for annual periods beginning on or after January 1st 2020).

The Company estimates that none of those new standards or amendments to the existing standards would have had a material impact on its financial statements had they been applied by the Company as at the reporting date.

The scope of regulations endorsed by the EU still does not include hedge accounting for portfolios of financial assets and liabilities with respect to which relevant rules have not been endorsed for use in the EU.

The Company estimates that the application of hedge accounting for portfolios of financial assets and liabilities according to IAS 39 *Financial Instruments: recognition and measurement* would not have had any material impact on its financial statements had the standard been endorsed for use as at the reporting date.

3.1.5. Changes to information presented in previous reporting periods, changes in accounting policies and error corrections

There were no changes to the information presented in previous reporting periods, changes in accounting policies or corrections of errors.

3.1.6. Changes to estimates presented in previous reporting periods, where they have a material effect on the reported interim period

There were no material changes to the estimates presented by the company in previous reporting periods that would have a material impact on the reported interim period.

3.2. MATERIAL ACHIEVEMENTS OR FAILURES OF THE COMPANY IN THE REPORTING PERIOD

The Company's activities in the first nine months of 2019 were marked by successful monetisation of *Frostpunk*, launched for PCs on April 24th 2018. The continued satisfactory sales of the game are due to a number of initiatives undertaken by the Company, including promotion and marketing efforts, aimed at maintaining interest in this flagship production and extending its life cycle, which, in view of the growing competition in the global gaming industry, is an increasing challenge. One example of such activities were the strong *Frostpunk* sale campaigns on the world's leading digital game selling platforms, chiefly Steam. The most successful initiative of this type was the Publisher Week Sale on Steam (in the beginning of February 2019), which covered the entire portfolio of games offered by the Company. Another such initiative took place in the first days of October 2019, i.e. after the reporting period. Another example of efforts aimed at maintaining interest in a game and supporting its sales was providing players with new content for the game in the form of add-ons, including paid ones. On August 27th 2019, the Company launched the sale of a package of three paid add-ons (the Season Pass) for *Frostpunk*. The first add-on, *The Rifts*, was launched on August 27th 2019. The next two ones will be made available in the coming months. Another initiative is converting games to run on different platforms (porting). In the first quarters of 2019, 11 bit studios S.A. worked on preparing *Frostpunk* to run on Xbox One and PS4. This version was released on October 11th 2019, after the end of the reporting period.

In the first three quarters of 2019, 11 bit studios S.A. was also engaged in further development and monetisation of its older titles, including *This War of Mine*. On August 6th 2019, the third (and last) paid add-on to the *TWOM: Stories* series, called *TWOM: Stories - Fading Embers*, went on sale. Just like the two earlier releases from this series, it was well received by the fans. On November 14th 2019, on the fifth anniversary of the debut of *This War of Mine*, the Company released for players a remastered version of the game, entitled *This War of Mine: Final Cut*, containing an additional scenario and locations.

In the publishing segment (11 bit publishing division), in the first months of 2019 the Company worked on the launch of *Children of Morta*, a game developed by Dead Mage of the United States. It was released for PCs on September 3rd 2019 and received excellent review from critics and fans. The average scores it received from the industry media in the Metacritic website are 82/100 points, and 84/100 from players. As at the issue date of this report, the game's score on Steam was 87/100. *Children of Morta* was released for Xbox One and PS4 after the end of Q3 2019, on October 15th 2019. The version for Nintendo Switch will be released on November 20th 2019.

In Q1-Q3 2019, the publishing division of 11 bit studios S.A. also worked on further development of *Moonlighter*, a game created by the Spanish studio Digital Sun, released on May 29th 2018. On July 23rd 2019, the first paid add-on for the game, called *Moonlighter - Between Dimensions*, went on sale. Before that, *Moonlighter* was expanded through free DLCs. In the reporting period, the developer also worked on the version of the game for handheld devices with iOS and Android

operating systems, which is planned to be released in the coming months. 11 bit studios S.A. believes that these initiatives should extend the monetisation period for *Moonlighter*, which has been making a significant contribution to the Company's results since the release. At the beginning of the third quarter of 2019, the Company announced on social media that over one million gamers had already played *Moonlighter*. *Moonlighter* sales were significantly boosted by its release on Nintendo Switch in the fourth quarter of 2018. Since the first quarter of 2019, Nintendo Switch has been *Moonlighter*'s leading selling platform, following commercially very successful launch of the title on the Japanese market in late March 2019.

The publishing division's revenue for the first three quarters of 2019 included revenue from sales of *Beat Cop*, which premiered in the first quarter of 2017 (PC version). In the first quarter of 2019, *Beat Cop* was launched for PS4, Xbox One and Nintendo Switch consoles and for handheld devices with iOS and Android operating systems.

With strong sales of *Frostpunk*, *Moonlighter*, *This War of Mine* and *Children of Morta* (PC version), 11 bit studios S.A. delivered good results in the first nine months of 2019. In the period, 11 bit studios S.A. reported revenue of PLN 49,430,023, down 17.09% year on year. The year-on-year decline in top-line performance was attributable to a high base effect of the figures posted last year, when *Frostpunk* and *Moonlighter* were released. However, the effectiveness of the efforts to maintain sales of games from the portfolio, including both proprietary games and those created by external developers, is confirmed by the Company's revenue generated in Q3 2019, which amounted to PLN 18,691,058, up 34.52% year on year. In the first nine months of 2019, the Company's operating expenses amounted to PLN 36,517,855, up 46.11% year on year. The largest item of operating expenses in the first three quarters of 2019 were services, which amounted to PLN 21,163,963, up by 81.15% year on year. This item comprised mainly royalties paid to the producers of *Moonlighter* and *Children of Morta* on account of very good sales of the games during the period. Salaries and wages were another significant component of 11 bit studios S.A.'s operating expenses in 2019 in the first three quarters of 2019. Operating expenses also included non-cash provisions (over PLN 6.2m) recognised to cover the costs of the 2017-2019 Incentive Scheme. The provisions were first recognised in the second quarter of 2018. Depreciation and amortisation was another major item of operating expenses. In the first three quarters of 2019, it amounted to PLN 4,580,558, up 57.83% year on year. The change was caused by amortisation (as of the second quarter of 2018) of costs incurred to produce *Frostpunk* and *Moonlighter*.

The higher operating expenses coupled with a slight year-on-year decrease in revenue were reflected in lower operating profit, which went down from PLN 35,224,310 in the first three quarters of 2018 to PLN 13,259,962 in the first three quarters of 2019 (down by 62.36% year on year). In Q3 2019 alone, operating profit amounted to PLN 4,580,071 and was 9.15% lower year on year. For the first three quarters of 2019, 11 bit studios S.A. reported a net profit of PLN 10,021,232 (Q1-Q3 2018: net profit of PLN 28,518,085). In Q3 2019 alone, net profit was PLN 3,607,977, up 0.17% year on year.

The Company's sound financial position was also confirmed by its financial assets. In Q1-Q3 2019, 11 bit studios S.A.'s cash flows from operating activities were as much as PLN 36,630,049, up 5.48% year on year. As a result, at the end of September 2019 11 bit studios S.A.'s total financial assets amounted to PLN 90,470,238, up 7.73% on the end of the first half of 2019 (PLN 83,978,337) and up 27.61% on the beginning of the year (PLN 70,897,588). The amount included cash (PLN 13,848,871), bank deposits with maturities of over three months (PLN 69,208,652) and trade receivables (PLN 7,412,715).

3.3. REVENUE (PLN)

Revenue generated in the reporting period:

	Period ended Sep 30 2019	Period ended Sep 30 2018
Revenue	49,430,023	59,620,481

In the reporting period, almost all of the Company's revenue was derived from the sale of its own games as well as third-party games released by the Company as part of the 11 bit publishing service. The Company's other income (including mainly grants received) accounted for just 0.7% of total revenue in Q1-Q3 2019. Revenue generated by 11 bit studios S.A. in the first nine months of 2019 was PLN 49,430,023, compared with PLN 59,620,481 in the first nine months of 2018. The drop was attributable to a strong base effect of last year's figures as *Frostpunk* and *Moonlighter* were successfully launched in the first half of 2018 (on April 24th and May 29th, respectively). In the nine months ended September 30th 2019, the Company focused on further monetisation of these titles as well as *This War of Mine* and paid add-ons. August 27th 2019 saw the market debut of *The Rifts*, the first of the three paid add-ons to *Frostpunk*, to be released as part of the Season Pass. On July 23rd 2019, a paid add-on to *Moonlighter*, entitled *Between Dimensions*, was released. August 6th 2019 was the date of release of *Fading Embers*, a paid add-on to *This War of Mine* (the third and last DLC from the *TWoM: Stories* series). All these add-ons were well received by the players and made a positive contribution to the Company's performance in Q3 2019. Another major contributor to 11 bit studios S.A.'s revenue in the period under review was *Children of Morta*, released in Q3 2019. The PC version of the game went on sale on September 3rd 2019. For Xbox One and PS4, the game was released after the end of the reporting period, on October 15th 2019.

3.3.1. Revenue by geographical regions (PLN)

The Company operates in six main geographical areas: Poland, its home market, the European Union, the US, Japan, China and other countries (including Canada, Korea, Brazil, and Australia).

Revenue from sales to third parties by geographical area and information on non-current assets by asset location are presented below:

	Revenue from third parties		Non-current assets	
	Period ended Sep 30 2019	Period ended Sep 30 2018	As at Sep 30 2019	As at Dec 31 2018
Poland	956,372	2,211,598	41,623,185	40,668,310
European Union	3,403,907	6,373,251	905,485	648,585
US	35,864,995	50,092,952	0	0
Japan	7,737,280	0	0	0
China	787,161	759,185	0	0
Other	680,308	183,495	13,941	0
Total	49,430,023	59,620,481	42,542,611	41,316,895

3.3.2. Revenue by distribution channels

Revenue from sale of computer games of PLN 49,430,023 (Q1-Q3 2019: PLN 59,620,481) included revenue of PLN 49,413,910 (Q1-Q3 2018: PLN 54,085,737) from sale of the Company's products worldwide through Steam (Valve Corporation), Microsoft Corporation, Nintendo Co., Electronic Arts, Epic Games, Google, Apple, GOG.com i Humble Bundle - the world's leading electronic distribution platforms.

3.4. OTHER INCOME AND EXPENSES (PLN)

3.4.1. Other income

	Period ended Sep 30 2019	Period ended Sep 30 2018
Grants received	277,670	573,777
Gain on disposal of non-financial non-current assets	20,627	0
Other income	49,497	22,879
Total	347,794	596,656

The 58.3% decrease in other income, to PLN 347,794, for the first nine months of 2019 was due to a strong base effect. In Q1-Q3 2018, the Company received grants for its development projects, including development for new games, totalling PLN 573,777. In the reporting period, grants received amounted to PLN 277,670.

3.4.2. Other expenses

	Period ended Sep 30 2019	Period ended Sep 30 2018
Other expenses (cost of written-off items brought forward)	33,959	0
Donations given	230,316	648,755
Other expenses by nature	654,292	443,541
Total	918,567	1,092,296

In Q1-Q3 2019, the main item of other expenses were other expenses by nature (travel-for-work, business travel, advertising and insurance costs). They amounted to PLN 654,292 compared with PLN 443,541 in the same period of 2018. Their growth was mainly driven by increased activity of the Company, particularly its publishing division, in terms of participation in trade fairs and other industry events. Other major items of other expenses in the reporting period included a donation of PLN 230,316 (2018: PLN 648,755) made by the Company to the War Child foundation, which helps child victims of wars. Impairment losses on closed projects represented a small proportion of other expenses, of PLN 33,959.

3.5. DEPRECIATION AND AMORTISATION (PLN)

	Period ended Sep 30 2019	Period ended Sep 30 2018
Depreciation	372,155	250,184
Amortisation	4,452,560	2,672,253
Total	4,824,715	2,922,437
Allocation to project costs	(247,383)	(20,185)
Other depreciation and amortisation expenses	3,226	0
Total	4,580,558	2,902,252

The year-on-year increase in depreciation and amortisation in the first three quarters of 2019 was attributable to the commencement of amortisation (as of the second quarter of 2018) of the expenditure incurred to develop *Frostpunk* and *Moonlighter*.

3.6. SERVICES (PLN)

	Period ended Sep 30 2019	Period ended Sep 30 2018
Services	21,163,963	11,683,219

The year-on-year increase in services in the first three quarters of 2019 was attributable to strong sales of *Moonlighter* (published by 11 bit publishing and sold since May 29th 2018) and *Children of Morta* (released for PCs on September 3rd 2019) and related royalties paid by the Company to the developers of these games, i.e. Digital Sun of Spain and Dead Mage of US. In the first nine months of 2019, total royalties paid to Digital Sun, Dead Mage and, in a small part, to Pixel Crow, which developed *Beat Cop* (published by 11 bit studios S.A. and released in spring 2017), were PLN 16,457,113. In the nine months ended September 30th 2018, the Company paid a total of PLN 6,895,538 in royalties.

3.7. SALARIES, WAGES AND EMPLOYEE BENEFITS (PLN)

	Period ended Sep 30 2019	Period ended Sep 30 2018
Salaries, wages and employee benefits	9,348,731	8,941,048

The year-on-year increase in salaries, wages and employee benefits in the first nine months of 2019 was due to a steady increase in 11 bit studios S.A.'s workforce. The item also includes provisions recognised by the Company on a quarterly basis for annual employee bonuses paid in the fourth quarter of each year (the profit-linked annual bonus scheme has been in place at the Company for several years now). These provisions are recognised proportionally to profit earned by the Company in a given period. Salaries, wages and employee benefits also included non-cash provisions recognised in connection with the Company's 2017-2019 Incentive Scheme. In the first nine months of 2019, the provisions were close to PLN 6.2m, compared with PLN 4.1m the year before.

3.8. FINANCE INCOME (PLN)

	Period ended Sep 30 2019	Period ended Sep 30 2018
Interest income:		
Bank deposits	794,570	276,172
Finance income:		
Gains on remeasurement of financial assets	0	36,438
Net foreign exchange gains (losses), including:		
a) Liabilities measured at amortised cost	(56,746)	25,405
b) Loans and receivables	37,820	798,836
c) cash	169,499	16,105
Total	945,142	1,152,956

The steadily growing cash reserves (thanks to strong sales of *Frostpunk*, *Moonlighter*, *Children of Morta* and *This War of Mine*), a vast majority of which is held in bank deposits, led to a nearly three-fold increase in interest income, from PLN 276,722 in Q1-Q3 2018 to PLN 794,570 in Q1-Q3 2019.

In the nine months ended September 30th 2019, the Company's finance income benefited from revaluation of its monetary assets denominated in currencies other than the Polish zloty, although to a much lesser extent than a year earlier. This income was attributable to favourable currency movements. In the first nine months of 2019, particularly in Q3 2019, the Polish zloty depreciated against the US dollar and the euro, enabling the Company to recognise additional income from revaluation on its cash assets.

3.9. FINANCE COSTS (PLN)

	Period ended Sep 30 2019	Period ended Sep 30 2018
Other interest expense:		
a) Interest on public charges	8,963	948
Net foreign exchange gains (losses), including:		
a) Liabilities measured at amortised cost	0	0
b) Loans and receivables	0	0
c) cash	0	0
Losses on remeasurement of financial assets	281,192	0
Total	290,155	948

In the reporting period, a new item of the Company's finance costs was remeasurement of the IRS (Interest Rate Swap) instrument; no such cost was recorded in the previous year. The instrument is used to hedge the Company's position against interest rate risk related to its investment loan contracted with PKO BP S.A. for the purchase of new office space. For detailed information on the loan agreement, see the Current Report of December 19th 2018.

3.10. INCOME TAX ON CONTINUING OPERATIONS (PLN)

3.10.1. Income tax recognised in profit or loss

	Period ended Sep 30 2019	Period ended Sep 30 2018
Current income tax:		
Attributable to current year	5,790,560	8,953,925
Deferred income tax:		
Attributable to current year	(1,896,842)	(1,095,692)
Tax expense recognised in current year on continuing operations	3,893,718	7,858,233

The Company is subject to general income tax regulations. It does not constitute a tax group, and its fiscal and accounting year is the same as the calendar year.

Reconciliation of the Company's tax and accounting profit

	Period ended Sep 30 2019	Period ended Sep 30 2018
Profit (loss) before tax from continuing operations	13,914,950	36,376,318
Income tax expense at 19% (2018: 19%)	2,643,840	6,911,501
Tax effect of income which is not classified as income for tax purposes	0	(19,348)
Tax effect of income which is classified as income for tax purposes	(27,277)	(6,988)
Tax effect of costs which are not deductible for tax purposes	5,080,067	2,165,603
Tax effect of costs which are deductible for tax purposes	(1,897,928)	(96,843)
Other changes	(8,142)	0
Total	5,790,560	8,953,925

The tax rate applied in the above reconciliation in 2019 and 2018 is 19%, and it is the statutory corporate income tax rate applicable in Poland.

3.10.2. Current tax receivable and payable

	As at Sep 30 2019	As at Dec 31 2018
Tax refund receivable	(2,265,124)	(2,014,760)
Income tax payable	(1,145,797)	169,630
Total	(3,717,921)	(1,845,130)

3.11. EARNINGS PER SHARE (PLN)

3.11.1. Basic earnings per share:

	Period ended Sep 30 2019	Period ended Sep 30 2018
Basic earnings per share:		
From continuing operations	4.38	12.47
Total basic earnings per share	4.38	12.47
Diluted earnings per share:		
From continuing operations	4.15	11.80
Total diluted earnings per share:	4.15	11.80

Profit and weighted average number of ordinary shares used to calculate basic earnings per share:

	Period ended Sep 30 2019	Period ended Sep 30 2018
Profit for the financial year attributable to shareholders	10,021,232	28,518,085
Total profit used to calculate basic earnings per share	10,021,232	28,518,085
Profit used to calculate basic earnings per share from continuing operations	10,021,232	28,518,085

	Period ended Sep 30 2019	Period ended Sep 30 2018
Weighted average number of ordinary shares used to calculate earnings per share	2,287,199	2,287,199

3.11.2. Diluted earnings per share

	Period ended Sep 30 2019	Period ended Sep 30 2018
Profit for the financial year attributable to shareholders	10,021,232	28,518,085
Total profit used to calculate diluted earnings per share	10,021,232	28,518,085
Profit used to calculate diluted earnings per share from continuing operations	10,021,232	28,518,085

Below, the weighted average number of shares used to calculate diluted earnings per share is reconciled with the average used to calculate the basic earnings per share in the following manner:

	Period ended Sep 30 2019	Period ended Sep 30 2018
Weighted average number of ordinary shares used to calculate basic earnings per share	2,287,199	2,287,199
Shares assumed to be issued:		
Shares issued under the Incentive Scheme	130,000	130,000
Weighted average number of ordinary shares used to calculate diluted earnings per share	2,417,199	2,417,199

3.12. PROPERTY, PLANT AND EQUIPMENT (PLN)

Carrying amount:

	As at Sep 30 2019	As at Dec 31 2018
Property, plant and equipment under construction	251,953	316,654
Buildings and structures	18,740,218	18,102,269
Plant and equipment	62,184	71,336
Vehicles	96,531	226,800
Other property, plant and equipment	12,150	17,005
Total	19,163,036	18,734,064

Gross carrying amount

	Buildings and structures	Property, plant and equipment under construction	Plant and equipment	Vehicles	Other property, plant and equipment	Total
As at Jan 1 2019	18,102,269	383,283	718,580	558,705	262,161	20,024,998
Increase	328,159	0	213,524	0	17,755	559,438
Payment of bank loan interest	309,790	0	0	0	0	309,790
Reclassification	0	(39,406)	39,406	0	0	0
Decrease	0	0	0	185,851	0	185,851
Balance as at Sep 30 2019	18,740,218	343,877	971,510	372,854	279,916	20,708,375

Accumulated depreciation and impairment:

	Buildings and structures	Property, plant and equipment under construction	Plant and equipment	Vehicles	Other property, plant and equipment	Total
As at Jan 1 2019	0	66,629	647,245	331,905	245,156	1,290,935
Depreciation expense	0	25,295	265,224	59,026	22,610	372,155
Decrease	0	0	3,143	114,608	0	117,751
Balance as at Sep 30 2019	0	91,924	909,326	276,323	267,766	1,545,339

Comparative data for the period from January 1st to December 31st 2018

Gross carrying amount

	Buildings and structures	Property, plant and equipment under construction	Plant and equipment	Vehicles	Other property, plant and equipment	Total
As at Jan 1 2018	0	326,849	576,200	558,705	262,161	1,723,915
Increase	18,102,269	56,434	145,387	0	0	18,304,091
Decrease	0	0	(3,007)	0	0	(3,007)
As at Dec 31 2018	18,102,269	383,283	718,580	558,705	262,161	20,024,999

Accumulated depreciation and impairment:

	Buildings and structures	Property, plant and equipment under construction	Plant and equipment	Vehicles	Other property, plant and equipment	Total
As at Jan 1 2018	0	26,585	426,229	220,164	236,605	909,583
Depreciation expense	0	40,044	224,023	111,741	8,551	384,359
Decrease	0	0	(3,007)	0	0	(3,007)
As at Dec 31 2018	0	66,629	647,245	331,905	245,156	1,290,935

In the nine months ended September 30th 2019, the Company purchased plant and equipment for PLN 213,524. The Company also spent PLN 328,159 on renovation and modernisation of the property at ul. Brzeska 2 in Warsaw (the Company's future head office) and PLN 309,790 on servicing the credit facility taken to purchase the property. In 2018, the Company spent PLN 18,102 269 to purchase the property at ul. Brzeska 2, PLN 145,387 to purchase plant and equipment, and PLN 56,434 to refit and adapt the office space at ul. Brechta 7, which is the Company's current head office.

In the nine months ended September 30th, the amount of depreciation of property, plant and equipment was PLN 372,155. In 2018, the amount was PLN 384,359.

No impairment of property, plant and equipment was identified either in the first three quarters of 2019 or in the entire 2018.

The Company did not recognise any impairment losses on property, plant and equipment either in the first three quarters of 2019 or in 2018.

3.13. INTANGIBLE ASSETS (PLN)

There were no research and development costs that did not meet the criteria to be capitalised on initial recognition in the reporting period or in the comparative period.

Useful lives of intangible assets used to calculate amortisation:

Completed development work:

Completed game engine development work as at September 30th 2019 included the capitalised cost of the fourth work phase with the remaining weighted average amortisation period of 19 months.

As at September 30th 2019, the completed video games development work comprised games with the remaining weighted average amortisation period of 14 months.

Ongoing development work:

As at September 30th 2019, expenditures on ongoing development work comprised mainly expenditure on development of video games (including *Projekt 8*) and Game Engine (phase five).

Testing ongoing development work for impairment:

As at each reporting date, the Company tests ongoing development work for impairment. As a result of a test performed in the period ended September 30th 2019, expenditures on discontinued development work of PLN 33,959 were written off under other expenses. The Company did not recognise any such write-offs in the same period of the previous year.

Carrying amount:

	As at Sep 30 2019	As at Dec 31 2018
Completed development work (game engine)	949,748	1,399,543
Completed development work (games)	10,242,313	10,624,149
Ongoing development work	9,771,285	5,112,644
Licences	0	1,675
Total	20,963,345	17,138,011

Gross carrying amount

	Completed development work (game engine)	Completed development work (games)	Licences	Ongoing development work	Total
As at Jan 1 2019	2,717,702	24,453,528	505,551	5,112,644	32,789,425
Increase due to separate acquisitions	0	0	13,141	8,298,773	8,311,914
Reclassification of completed development work	0	1,841,172	0	(1,841,172)	0
Discontinued work written off	0	0	0	(33,959)	(33,959)
Balance as at Sep 30 2019	2,717,702	26,294,700	518,692	11,536,286	41,067,380

Accumulated amortisation and impairment:

	Completed development work (game engine)	Completed development work (games)	Licences	Ongoing development work	Total
As at Jan 1 2019	1,318,159	13,829,380	503,875	0	15,651,414
Depreciation expense	449,795	3,988,020	21,145	0	4,458,960
Other decrease	0	(11)	(6,328)	0	(6,339)
Balance as at Sep 30 2019	1,767,954	17,817,389	518,692	0	20,104,035

Comparative data for the period from January 1st to December 31st 2018

Gross carrying amount

	Completed development work (game engine)	Completed development work (games)	Licences	Ongoing development work	Total
As at Jan 1 2018	918,342	11,677,125	485,631	11,457,660	24,538,758
Increase	0	0	19,920	8,247,868	8,267,788
Reclassification of completed development work	1,799,360	12,776,403	0	(14,575,763)	0
Discontinued work written off	0	0	0	(17,121)	(17,121)
As at Dec 31 2018	2,717,702	24,453,528	505,551	5,112,644	32,789,425

Accumulated amortisation and impairment:

	Completed development work (game engine)	Completed development work (games)	Licences	Ongoing development work	Total
As at Jan 1 2018	918,342	10,206,073	346,846	0	11,471,260
Amortisation expense	399,818	3,623,306	157,030	0	4,180,154
As at Dec 31 2018	1,318,159	13,829,380	503,875	0	15,651,414

There were no research and development costs that did not meet the criteria to be capitalised on initial recognition in the reporting period or comparative periods.

3.14. TRADE AND OTHER RECEIVABLES (PLN)

	As at Sep 30 2019	As at Dec 31 2018
Trade receivables and other receivables, including:	7,469,523	14,609,432
Taxes, grants, customs duties and social security	636,516	4,705,311
Other	254,475	59,882
Impairment loss on trade receivables	(56,807)	(56,807)
Total	7,412,716	14,552,625

3.14.1. Trade receivables (PLN)

The average collection period for trade receivables is 14 days. The Company recognised provisions for the full amount of receivables that are more than 360 days past due as past experience shows that such receivables are virtually unrecoverable.

As at September 30th 2019, the recognised balances of receivables were PLN 7,412,716 (PLN 14,552,625 as at December 31st 2018). Key customers whose balances as at September 30th 2019 exceeded 5% of total trade receivables are listed in the table below.

Receivables by customer:

	As at Sep 30 2019	As at Dec 31 2018
Valve Corporation	3,446,554	4,302,492
Nintendo Co. Ltd	833,896	2,655,414
GOG Sp. z o.o.	408,178	573,641

These balances are shown exclusive of receivables that were past due but unimpaired as at the end of the reporting period (see the ageing analysis below).

Ageing analysis of past due receivables

	As at Sep 30 2019	As at Dec 31 2018
60-90 days	89,765	3,435
91-120 days	42,848	35,416
121-360 days	126,430	32,327
over 360 days	0	9,200
Total	259,043	80,378

Ageing analysis of impaired trade receivables

	As at Sep 30 2019	As at Dec 31 2018
60-90 days	0	0
91-120 days	0	0
121-360 days	0	0
over 360 days	56,807	56,807
Total	56,807	56,807

3.15. NON-CURRENT FINANCIAL ASSETS (PLN)

	As at Sep 30 2019	As at Dec 31 2018
Investment fund units (PKO BP Płynnościowy SFIO)	0	5,094,282
Total	0	5,094,282

3.16. CURRENT FINANCIAL ASSETS (PLN)

	As at Sep 30 2019	As at Dec 31 2018
Bank deposits with maturity over 3 months	69,000,000	27,000,000
Valuation - bank deposits with maturity over 3 months	208,652	0
Total	69,208,652	27,000,000

3.17. OTHER CURRENT ASSETS (PLN)

	As at Sep 30 2019	As at Dec 31 2018
Insurance	8,827	25,692
Domain names, licences, subscriptions	80,922	122,727
Prepaid expenses	206,493	146,213
Guarantees	1,573	2,860
Property tax	23,144	0
Perpetual usufruct of land	3,163	0
Royalties to be accounted for in the next period	1,684,691	0
Other	5,537	0
Total	2,014,350	297,492

Prepayments and accrued income comprised prepaid expenses related to industry events (trade fairs) in which the Company will take part in subsequent periods, as well as fees for Internet domains, property insurance, subscriptions, exchange fees and charges related to the property located at ul. Brzeska 2 in Warsaw, including real property tax. As at September 30th 2019, the largest item of other current assets was royalties payable to game developers which the Company provides with publishing services.

3.18. OTHER ASSETS (PLN)

	As at Sep 30 2019	As at Dec 31 2018
Long-term security deposits	0	171,729
Long-term prepayments and accrued income	16,215	20,774
Total	16,215	192,503

As at the end of September 2019, payments for online domains were the main item of other assets. As at the end of 2018, the largest item of other assets was a security deposit provided in favour of Mazovia Capital Sp. z o.o. under a lease of the property housing the Company's head office, located at ul. Brechta 7 in Warsaw.

3.19. CASH AND CASH EQUIVALENTS (PLN)

	As at Sep 30 2019	As at Dec 31 2018
Cash in hand and at banks	6,848,871	16,250,681
PKO BP Bank Hipoteczny bonds	7,000,000	8,000,000
Total	13,848,871	24,250,681

Cash at banks, cash in hand and bank deposits as at September 30th 2019, by currency:

- 11,847,237,
- USD 263,574 (PLN 1,054,295),
- EUR 212,624 (PLN 929,931),
- CNY 31,073 (PLN 17,407).

Cash at banks and bank deposits as at December 31st 2018, by currency:

- 15,741,025 PLN,
- USD 1,210,231 (PLN 4,550,444),
- EUR 916,822 (PLN 3,942,335),
- CNY 30,793 (PLN 16,878).

The bonds of PKO Bank Hipoteczny are treated as the Company's current liquidity management instruments rather than an investment.

3.20. SHARE CAPITAL (PLN)

	As at Sep 30 2019	As at Dec 31 2018
Share capital	228,720	228,720
Total	228,720	228,720

As at September 30th 2019, the Company's share capital consisted of 2,287,199 fully paid-up ordinary shares totalling PLN 228,719.90.

3.21. LIABILITIES UNDER CONTRACTS WITH CUSTOMERS

As at September 30th 2019, liabilities under contracts with customers comprised advance payments of PLN 6,257,269 received by the Company from its business partners towards future sales of the Company's products (games).

3.22. BORROWINGS

On December 19th 2018, the Company announced that it had entered into a PLN 12,600,000.00 investment loan agreement with Powszechna Kasa Oszczędności Bank Polski S.A. to partly finance the purchase of a developed property located at ul. Brzeska 2 in Warsaw. The loan repayment date is December 11th 2028. It bears interest at 1M WIBOR plus a fixed bank margin of 0.9pp. Interest rate risk related to the loan is hedged by the Company using an Interest Rate Swap. The loan bears interest at 3.4%. Repayment of the loan is secured by a blank promissory note issued by the Company, together with a promissory note declaration, a contractual mortgage of up to PLN 20,223,000.00 established over the perpetual usufruct of the property and the ownership title to the building erected on the property, and an assignment of cash receivables under an insurance contract for the property in favour of PKO BP. As at September 30th 2019, the non-current portion of the loan was PLN 10,824,905, while its current portion was PLN 1,312,110 (including measurement of the Interest Rate Swap).

3.23. TRADE AND OTHER PAYABLES (PLN)

	As at Sep 30 2019	As at Dec 31 2018
Trade payables	333,172	187,089
Guarantee deposits - Brzeska	76,784	0
Taxes, customs duties, insurance and other dues	292,410	776,173
Accruals and deferred income	12,425,991	4,154,023
Amounts payable to employees	11,466	5,236
Other	41,795	0
Total	13,181,618	5,122,519

The average period of payment to suppliers of goods and services in Poland was 14 days. The Company has financial risk management policies in place to ensure the timely payment of liabilities.

3.24. ACCRUED EMPLOYEE BONUSES AND OTHER ACCRUALS AND DEFERRED INCOME (PLN)

	Accrued bonuses for management and employees	Accrued salaries and wages	Other	Total
As at Jan 1 2019	241,513	165,841	3,746,669	4,154,023
Increase:	401,839	315,747	17,543,481	18,261,067
Recognition	401,839	315,747	17,543,481	18,261,067
Decrease:	0	44,283	9,944,816	9,989,099
Use	0	44,283	11,242,443	11,287,726
Reversal	0	0	(1,297,627)	(1,297,627)
As at Sep 30 2019	643,352	437,305	11,345,334	12,425,991

Comparative data for the period from January 1st to December 31st 2018

	Accrued bonuses for management and employees	Accrued salaries and wages	Other	Total
As at Jan 1 2018	100,000	159,106	287,178	546,284
Increase:	2,037,071	1,114,765	11,218,319	14,370,155
Recognition	2,037,071	1,114,765	11,218,319	14,370,155
Decrease:	1,895,558	1,108,030	7,758,828	10,762,416
Use	1,895,558	1,108,030	7,758,828	10,762,416
Reversal	0	0	0	0
As at Dec 31 2018	241,513	165,841	3,746,669	4,154,023

The line item "Other" mainly comprises royalties from the sale of games payable to game developers to whom 11 bit studios S.A. provides publishing services.

3.25. FINANCIAL INSTRUMENTS (PLN)

The Company reviewed classes of its financial instruments and concluded that the carrying amount of the instruments did not differ from their fair value both as at September 30th 2019 and December 31st 2018.

Financial assets and liabilities

Financial assets:

	As at Sep 30 2019	As at Dec 31 2018
Financial assets measured at amortised cost - cash	13,848,871	24,250,681
Financial assets at fair value through profit or loss - investment fund units	0	5,094,282
Financial assets measured at amortised cost - bank deposits over 3 months	69,208,652	27,000,000
Financial assets measured at amortised cost - trade and other receivables	7,412,715	14,552,625
Total	90,470,238	70,897,588

Financial liabilities:

	As at Sep 30 2019	As at Dec 31 2018
Liabilities measured at amortised cost - trade and other payables	13,181,619	5,122,519
Total	13,181,619	5,122,519

Ageing analysis of trade and other payables

	As at Sep 30 2019	As at Dec 31 2018
Current	13,181,619	5,116,894
0-60 days	0	5,625
60-90 days	0	0
91-120 days	0	0
121-360 days	0	0
over 360 days	0	0
Total	13,181,619	5,122,519

3.25.1. Credit risk

The investment loan with PKO BP, trade receivables and cash are the key categories of assets exposed to credit risk. The amounts disclosed in the statement of financial position are presented net of impairment losses, which are estimated by the Company's management on the basis of past experience and the assessment of current economic conditions.

The repayment date of the investment loan with PKO BP, on which 11 bit studios S.A. reported in Current Report No. 29/2018 of December 19th 2018 (taken out to purchase the property located at ul. Brzeska 2 in Warsaw), is December 11th 2028. The loan bears interest at 1M WIBOR plus a fixed bank margin of 0.9pp. Interest rate risk related to the loan is hedged by the Company using an Interest Rate Swap. The loan bears interest at a fixed rate of 3.4%.

At present, the Company does not insure its trade receivables. The Company's trading partners are leading global corporations, including Valve Corporation, Apple and Google, which have a robust financial standing. Amounts due from platforms in respect of games sold are collected in 30 days or less.

For information on the concentration of credit risk related to trade receivables, see **Note 3.14.1**.

The Company has business relationships with financial institutions that enjoy a strong financial standing. As at September 30th 2019, the Company held cash with two institutions: PayPal (PLN 244,156) and the PKO BP Group (the balance).

Fair value measurement methods

Relative to the prior reporting period, the Company has not changed the methods used to measure financial instruments. The fair value of financial assets and liabilities listed on active markets is determined based on their quoted prices (Level 1 inputs). The fair value of other items is determined based on either directly or indirectly observable inputs (Level 2 inputs) or unobservable inputs (Level 3 inputs).

The fair value of investment fund units is measured at cost equal to their purchase price on an active market.

Financial assets:

	As at Sep 30 2019	As at Dec 31 2018	Fair value hierarchy
Investment fund units	0	5,094,282	Level 1

No assets were transferred between Level 1 and Level 2 in the reporting period.

3.26. DEFERRED INCOME (PLN)

	As at Sep 30 2019	As at Dec 31 2018
Government grants (a)	722,552	864,298
Other (b)	45,615	15,083
Total	768,167	879,381
Short-term	225,605	201,827
Long-term	542,562	677,554
Total	768,167	879,381

(a) The amount represent the total of:

- Government grant (EU funding) received in 2014 under the MEDIA programme for the development of proprietary technology. The income began to be recognised in 2018. As at September 30th 2019, the outstanding (not accounted for) balance of the grant was PLN 284,986 (December 31st 2018: PLN 419,979).
- Government grant (EU funding) received in 2017 under the Creative Media programme for the development of *Projekt 8*. Income from the grant has not been accounted for yet. It will be recognised against amortisation charges in the coming years - PLN 437,566 (December 31st 2018: PLN 437,566).

(b) The amount disclosed as at September 30th 2019 resulted from the purchase (as part of investing its cash surpluses) of non-Treasury securities (bonds of PKO BP Bank Hipoteczny) at a discount to their nominal value.

3.27. RELATED-PARTY TRANSACTIONS

Related parties of the Company include members of the Management Board and Supervisory Board, and the key personnel of the Company (key management):

- Grzegorz Miechowski - President of the Management Board
- Przemysław Marszał - Member of the Management Board
- Michał Drozdowski - Member of the Management Board

- Piotr Sulima - Chairman of the Supervisory Board (until May 23rd 2019)
- Wojciech Ozimek - Chairman of the Supervisory Board (since May 23rd 2019), Member of the Supervisory Board (until May 23rd 2019)
- Jacek Czykiel - Deputy Chairman of the Supervisory Board
- Radosław Marter - Member of the Supervisory Board
- Agnieszka Maria Kruz - Member of the Supervisory Board (until May 23rd 2019)
- Marcin Kuciapski - Member of the Supervisory Board (since May 23rd 2019)
- Piotr Wierzbicki - Member of the Supervisory Board (since May 23rd 2019).

In addition, the Company's related parties include also the following persons related to members of the key management:

- Paweł Miechowski, Partnership Manager - brother of Grzegorz Miechowski, President of the Management Board,
- Kancelaria Radcy Prawnego Agnieszki Rabenda-Ozimek (law office); Agnieszka Rabenda-Ozimek is married to Wojciech Ozimek, Chairman of the Supervisory Board.

3.27.1. Commercial transactions (PLN)

Apart from the services provided by members of the Company's Management Board as described in Note 3.28.4., The Company entered into the following related-party transactions in the first three quarters of 2019 and the first three quarters of 2018:

	Period ended Sep 30 2019	Period ended Sep 30 2018
Arkona - Paweł Miechowski	123,975	113,369
Kancelaria Radcy Prawnego Agnieszka Rabenda-Ozimek	37,190	71,582
Total	161,165	184,951

3.27.2. Loans to related parties

In the nine months ended September 30th 2019 and September 30th 2018, 11 bit studios S.A. did not grant any loans to related parties.

3.27.3. Borrowings from related parties

The Company did not receive any borrowings from related parties in the nine months ended September 30th 2019 and September 30th 2018.

3.27.4. Remuneration of members of the Management Board, key personnel and members of the Supervisory Board (PLN)

The Management Board of the Company is its key management personnel. The remuneration received by the members of the Company's Management Board in the first three quarters of 2019 and in the comparative period for the performance of their functions was as follows:

	Period ended Sep 30 2019	Period ended Sep 30 2018
Current benefits - Management Board (including provisions for annual bonuses)	1,604,617	2,879,268
Short-term benefits - Supervisory Board:	111,240	133,015
Total	1,715,857	3,012,283

Remuneration of the Members of the Company's Management Board is determined by the Supervisory Board and depends on the individuals' performance and on market trends.

The members of the Company's Management Board did not receive any other remuneration based on profit distribution for the nine months ended September 30th 2019 and September 30th 2018. However, the individuals participate in the Incentive Scheme, as detailed in Note 3.31 To the full-year financial statements of 11 bit studios S.A. for 2018.

In addition, members of the Management Board received the following consideration for services under contracts for specific work (*umowa o dzieło*):

	Period ended Sep 30 2019	Period ended Sep 30 2018
Short-term benefits - Management Board (under contracts for specific work (<i>umowa o dzieło</i>) and short-term employment contracts (<i>umowa zlecenie</i>)):	135,000	60,000
Total	135,000	60,000

3.27.5. Other related-party transactions

Apart from the transactions described above, the Company did not enter into any other related-party transactions.

3.28. INFORMATION ON DIVIDEND PAID OR DECLARED

The Company did not pay any dividend in the nine months ended September 30th 2019 and September 30th 2018.

3.29. CAPITAL COMMITMENTS

As at the date of issue of this report, the Company had off-balance-sheet commitments of EUR 2,625,000 and PLN 22,485. The commitments are related to publishing agreements executed by the Company with third-party development studios.

3.30. CONTINGENT ASSETS AND LIABILITIES

3.30.1. Contingent liabilities

Promissory note declaration (blank promissory note) in favour of the Polish Agency for Enterprise Development (PARP) as security for the proper performance of obligations under co-funding agreement No. POIR.03.03.03-14-0104/16-00.

Promissory note declaration (blank promissory note) in favour of the Small and Medium-Sized Enterprises Foundation/Polish Agency for Enterprise Development as security for the proper performance of obligations under co-funding agreement No. UDA-POIG.08.02.00-14-153/13-00/.

Promissory note declaration (blank promissory note) in favour of Powszechna Kasa Oszczędności Bank Polski S.A. as security for repayment of all of the Company's liabilities under the investment facility agreement for the purchase of the developed property located at ul. Brzeska 2 in Warsaw.

3.30.2. Contingent assets

As at September 30th 2019 and in the comparative period, the Company did not recognise any contingent assets.

3.31. SEASONAL AND CYCLICAL CHANGES IN THE COMPANY'S BUSINESS DURING THE REPORTING PERIOD

In the nine months ended September 30th 2019, there were no unusual seasonal or cyclical changes in the Company's business.

3.32. FACTORS AND EVENTS, ESPECIALLY OF A NON-RECURRING NATURE, WITH BEARING ON THE FINANCIAL RESULTS

In the nine months ended September 30th 2019, there were no events of non-recurring nature that affected the Company's financial performance and results in that period.

3.33. EVENTS SUBSEQUENT TO THE REPORTING DATE

Until November 14th 2019, i.e. until the date of approval by the Management Board of these financial statements for issue, there were no events which would affect the Company's interim financial statements for the nine months ended September 30th 2019.

3.34. FACTORS WITH BEARING ON THE COMPANY'S FUTURE RESULTS

The Company's performance in terms of proprietary games in future periods will be determined mostly by sales of *Frostpunk*, whose version for PCs was released on April 24th 2018. On October 11th 2019, the title was also published for Xbox One and PS4 consoles. In order to maintain interest in *Frostpunk*, 11 bit studios S.A. intends to release further add-ons and extensions to the game in order to expand the gameplay and attract new users. In Q3 2019, the first paid add-on (*Frostpunk: The Rifts*) from the three paid add-ons released as part of the Season Pass went on sale. Two next add-ons (*Frostpunk: Last Autumn* and *Frostpunk: Project TVADGYCGJR*) will be released in the coming months. The retail price of Season Pass is EUR/USD 24.49. Players can also purchase individual Season Pass add-ons. *Frostpunk* will also be developed by adding further language versions. Currently, the title is available in twelve languages. The activities planned for the coming months, including the DLC releases as well as the promotional and sale campaigns, are expected to boost interest in the game and its sales. Further monetisation of *This War of Mine* will have a smaller, but still noticeable, impact on the Company's results in the coming quarters. On August 6th 2019, a third paid add-on to the *TWoM: Stories* series, called *TWoM: Stories - Fading Embers*, went on sale. The two earlier add-ons were very well received by players, helping sustain their interest in the title. On November 14th 2019, on the fifth anniversary of the debut of *This War of Mine* (PC version), 11 bit studios S.A. released for the fans a remastered version of the game, entitled *This War of Mine: Final Cut*, containing an additional scenario and locations.

In the coming quarters, the financial performance of 11 bit studios S.A. will also be significantly affected by sale of games created by external developers which the Company provides with publishing services, mainly *Moonlighter* and *Children of Morta*. *Moonlighter*, developed by the Spanish studio Digital Sun, was released in late May 2018 (for PC, Xbox One and PS4). At the end of 2018, *Moonlighter's* version for Nintendo Switch also went on sale, and was very well received. Thanks to the efforts undertaken jointly by the producer and the publisher, *Moonlighter* invariably enjoys strong interest among fans despite its long presence on the market. Examples of these efforts are add-ons to *Moonlighter*, including paid

gameplay extensions. A paid add-on to *Moonlighter*, called *Between Dimensions*, was launched on the market on July 23rd 2019, and was very well received by the gaming community. The game developer is also working to make *Moonlighter* available for handheld devices running on iOS or Android. This version should go on sale within several months. The other game created by external developers which the Company provides with publishing services, *Children of Morta*, was launched for PCs on September 3rd 2019, and for Xbox One and PS4 on October 15th 2019. On November 20th, the version for Nintendo Switch will go on sale. The first weeks of sale of *Children of Morta* indicate that the title may be as important for the performance of 11 bit studios S.A. (the number of sold copies and revenues) as *Moonlighter*. Together with the game producer (the American studio Dead Mage), the Company has already planned various initiatives, including marketing activities, to ensure that *Children of Morta* will be monetised over years rather than quarters.

Alongside the monetisation of *Frostpunk*, *TWOM* and the titles of 11 bit publishing (*Moonlighter* and *Children of Morta*), the results of 11 bit studios S.A. in the long run will be driven by subsequent proprietary and third-party games. The Company is well advanced in work on a game under the working title *Projekt 8*. The team responsible for developing *Projekt 8* consists of nearly 30 people and is being gradually expanded (including non-Polish people). Ultimately, the team will comprise at least 60 people. Therefore, it will be a team comparable in size to the team that created *Frostpunk*, or even a little larger. According to the current assumptions, the production budget of *Projekt 8* will be approximately PLN 20m. This amount will be increased by the marketing budget, the size of which is under review. The Company expects to release *Projekt 8* simultaneously for PCs and for PS4 and Xbox One consoles, which should considerably enhance the game's commercial potential already from the date of its release (yet to be set). As announced, apart from *Projekt 8*, in Q3 2019 11 bit studios S.A. commenced its conceptual (preliminary) work on new in-house production - *Projekt 9* (working title). At this stage, a small team of approximately 10 people is working on *Projekt 9*, which will be expanded as they move to further stages of production. 11 bit studios S.A. also initiated work on another of its in-house productions - *Projekt 10*. It has entered the initial concept phase, and the team working on the project consists of several people. Within the medium-term perspective of several years, 11 bit studios S.A. wants to have at least three comparable development teams (of 55-60 people), each working on a proprietary game title (IP), so that it could increase the number of parallel projects and thus the frequency of new releases. This should help stabilise the financial results, which tend to be highly volatile in the video games industry.

11 bit publishing division, in addition to monetisation of *Moonlighter* and *Children of Morta* (and older titles, including *Beat Cop*), focuses on acquiring new titles to be sold in subsequent quarters and years. The updated (following the success of *Moonlighter*) medium-term (several-year) strategy of 11 bit studios S.A. for the publishing area assumes that third-party games would be launched every quarter. The Company is prepared to spend up to PLN 5-5.5m on a single production (before the launch of *Moonlighter*, the amount was PLN 2m), which significantly expands its ability to obtain commercially attractive projects for its publishing portfolio. 11 bit studios S.A. does not rule out that if an interesting project with a high commercial potential is identified, the spending on such a project may be even higher than PLN 5-5.5m. The medium-term strategy of 11 bit studios S.A. for the publishing area assumes that third-party games would be launched every quarter. If the number of new releases in the 11 bit publishing division increases to a few per year, this should have a positive effect on the Company's performance in terms of both volume and stability. At the reporting date, 11 bit studios S.A. cooperates with third parties (as a publisher) on several new titles, details of which will be announced in the following quarters.

3.35. PROCEEDINGS PENDING BEFORE A COURT, ARBITRATION BODY OR PUBLIC ADMINISTRATION AUTHORITY

There are no proceedings pending before courts or public administration bodies against 11 bit studios S.A. concerning the Company's liabilities or receivables whose total value would represent 10% of the Company's equity, or which could have a material and foreseeable impact on the Company's future financial performance.

3.36. MANAGEMENT BOARD'S STATEMENT

Pursuant to the Regulation of the Minister of Finance on current and periodic information to be published by issuers of securities, dated March 29th 2018, the Company's Management Board hereby represents that, to the best of its knowledge, these interim condensed financial statements and comparative data have been prepared in accordance with the accounting policies applicable to 11 bit studios S.A. and that they give a true, fair and clear view of the Company's assets, financial standing and financial result.

These interim condensed financial statements as at September 30th 2019 have been prepared in accordance with IAS 34 Interim Financial Reporting and the Regulation of the Minister of Finance of March 29th 2018 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 (Dz.U. of 2018, item 757).

These interim condensed financial statements of 11 bit studios S.A. present data for the reporting period from January 1st to September 30th 2019 and contain the following comparative data:

- Statement of financial position - as at December 31st 2018,
- Statement of profit or loss and other comprehensive income - three to nine months ended September 30th 2018,
- Statement of changes in equity - nine months ended September 30th 2018,
- Statement of cash flows - nine months ended September 30th 2018.

These interim condensed financial statements have been prepared on a historical cost basis. They do not include all information and disclosures required in full-year financial statements and should be read in conjunction with the Company's full-year financial statements for 2018, including notes, for the period of 12 months ended December 31st 2018, prepared in accordance with the IFRS as endorsed by the EU.

These interim condensed financial statements are not subject to auditing by an independent auditor.

3.37. AUTHORISATION OF FINANCIAL STATEMENTS

These interim condensed financial statements of 11 bit studios S.A. were authorised for issue by the Company's Management Board on November 14th 2019.

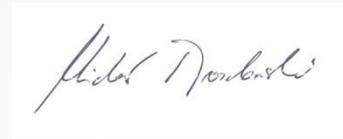
Signed by:



Grzegorz Miechowski
President of the Management Board



Przemysław Marszał
Member of the Management Board



Michał Drozdowski
Member of the Management Board

Warsaw, November 14th 2019