

Warsaw, April 29th 2020

Current Report No. 10/2020

**Subject:**

Approval of terms of Company's Incentive Scheme for 2020-2023/24

**Legal basis:**

Article 17(1) of MAR - Inside information

**Text of the report:**

The Management Board of 11 bit studios S.A. (the "Company") announces that on April 29th 2020 it approved the terms of the Incentive Scheme for Management Board members and the Company's key personnel and associates for the years 2020-2023 (with an extension option until 2024).

The key terms of the Incentive Scheme (the "Incentive Scheme" or "Scheme") to be submitted for approval by shareholders at the next General Meeting are the following:

1) Scheme Objectives - to provide conditions conducive to delivering strong financial performance and long-term company value growth by establishing a permanent connection between persons participating in the Incentive Scheme ("Scheme Participants") and the Company and its objectives;

2) Scheme Participants - the Company's Management Board members, key personnel and associates;

3) Scheme Period - four years (2020-2023) with an option to extend it to five years (2020-2024);

4) Number of warrants - up to 150,000 (one hundred and fifty thousand) subscription warrants conferring the right to subscribe for the same number of Company shares with a par value of PLN 0.1 per share;

5) Warrant-to-share conversion price - weighted average closing price of Company shares at the Warsaw Stock Exchange for the first quarter of 2020 less a discount of 5% (five per cent);

6) The shares offered under the Incentive Scheme will comprise:

a. 100,000 (one hundred thousand) shares - new shares issued as part of a conditional increase of the Company's share capital;

b. 50,000 (fifty thousand) shares - treasury shares purchased by the Company on the main market of the Warsaw Stock Exchange for the purposes of the Incentive Scheme;

7) The Company will create reserve funds to buy back its own shares, with PLN 20,000,000 allocated for that purpose;

8) The implementation of the 2020-2023 Scheme will be contingent on the achievement of the following financial targets:

a. Total (aggregate) revenue of 11 bit studios S.A. for 2020-2023 of PLN 357,000,000;

b. Total (aggregate) pre-tax profit of 11 bit studios S.A. for 2020-2023 of PLN 156,000,000 (adjusted for the cost of the Incentive Scheme that has been or will be recognised in the Company's operating expenses in line with the accounting standards applicable to the Company).

If the Scheme is extended by one year, that is until 2024, the targets will be as follows:

a. Total (aggregate) revenue of 11 bit studios S.A. for 2020-2024 of PLN 534,000,000;

b. Total (aggregate) pre-tax profit of 11 bit studios S.A. for 2020-2024 of PLN 249,000,000 (adjusted for the cost of the Incentive Scheme that has been or will be recognised in the Company's operating expenses in line with the accounting standards applicable to the Company);

8) The pool of shares offered under the Incentive Scheme will be reduced by 10% for each 5% of the underperformance.

**For the Company:**

Grzegorz Miechowski, President of the Management Board

Przemysław Marszał, Member of the Management Board