

Warsaw, February 28th 2022

Current Report No. 8/2022

Subject:

Disclosure of delayed inside information regarding (a) adoption by Management Board of resolution on intention to purchase shares in Fool's Theory sp. z o.o. and (b) adoption by Supervisory Board of resolution to grant authorisation for Management Board to purchase shares in Fool's Theory sp. z o.o., as well as inside information regarding execution by 11 bit studios of agreement to purchase 40 shares in Fool's Theory sp. z o.o. of Bielsko-Biała and investment agreement

Legal basis:

Article 17(1) and 17(4) of Regulation (EU) No 596/2014 of the European Parliament and of the Council of April 16th 2014 on market abuse (market abuse regulation) and repealing Directive 2003/6/EC of the European Parliament and of the Council and Commission Directives 2003/124/EC, 2003/125/EC and 2004/72/EC - Notice of delayed disclosure of inside information

Text of the report:

The Management Board of 11 bit studios S.A. with its registered office in Warsaw at ul. Brzeska 2 (the "Company") hereby informs the public of inside information, including information the disclosure of which was delayed (as specified in a-b below) under Article 17(4) of Regulation (EU) No 596/2014 of the European Parliament and of the Council of April 16th 2014 on market abuse (market abuse regulation) and repealing Directive 2003/6/EC of the European Parliament and of the Council and Commission Directives 2003/124/EC, 2003/125/EC and 2004/72/EC ("MAR"), regarding:

- (a) adoption by the Company's Management Board of a resolution on the intention to purchase shares in Fool's Theory sp. z o.o.
- (b) adoption by the Company's Supervisory Board of a resolution granting authorisation for the Management Board to purchase shares in Fool's Theory Sp. z o.o.
- (c) execution by the Company of an agreement on the purchase of shares in Fool's Theory sp. z o.o. of Bielsko-Biała.

Re. a)

Adoption by the Company's Management Board of a resolution on the intention to purchase shares in Fool's Theory sp. z o.o. - delayed inside information

On February 16th 2022, the Company's Management Board passed a resolution on the intention to purchase shares in Fool's Theory sp. z o.o. (the "Resolution of the Management Board"). In accordance with the Resolution of the Management Board, the Management Board, having reviewed: (i) the tax due diligence report concerning the application at Fool's Theory sp. z o.o. of VAT and CIT settlement rules in the period January 1st 2018-September

30th 2021, (ii) the financial due diligence report concerning Fool's Theory sp. z o.o. and (iii) the legal due diligence report concerning Fool's Theory sp. z o.o., decided to execute a transaction whereby the Company would purchase 40 shares in Fool's Theory sp. z o.o. of Bielsko-Biała, for which the District Court in Bielsko-Biała, 8th Commercial Division of the National Court Register, maintains a register entry number KRS 0000719685 ("Fool's Theory sp. z o.o."), with a par value of PLN 50 per share, representing in total 40% of the share capital of Fool's Theory sp. z o.o. (the "Transaction"). At the same time, pursuant to the provision of Article 8(4) of the Company's Articles of Association, the Management Board requested the Supervisory Board to pass a resolution granting authorisation for the Management Board to purchase those shares in Fool's Theory sp. z o.o. and to approve the Transaction.

Re. b)

Adoption by the Company's Supervisory Board of a resolution granting authorisation for the Management Board to purchase shares in Fool's Theory Sp. z o.o. - delayed inside information

On February 22nd 2022, the Company's Supervisory Board passed Resolution No. 2/02/2022 to approve the purchase of shares in Fool's Theory and to grant authorisation for the Management Board to purchase the shares in Fool's Theory sp. z o.o., whereby it authorised the Management Board to purchase 40 shares in Fool's Theory sp. z o.o. of Bielsko-Biała, with a par value of PLN 50 per share, representing in total 40% of the share capital of Fool's Theory sp. z o.o. (the "Transaction").

Re. c)

Execution by the Company of an agreement on the purchase of shares in Fool's Theory sp. z o.o. of Bielsko-Biała - inside information

On February 28th 2022, the Company executed an agreement on the purchase of shares in Fool's Theory sp. z o.o. of Bielsko-Biała, wherey the Company acquired from Jakub Rokosz and Krzysztof Mąka (the "Sellers") 40 shares in Fool's Theory sp. z o.o. of Bielsko-Biała, for which the District Court in Bielsko-Biała, 8th Commercial Division of the National Court Register, maintains register entry number KRS 0000719685 ("Fool's Theory sp. z o.o."), with a par value of PLN 50 per share, representing in total 40% of the share capital of Fool's Theory sp. z o.o. The Company will pay the Sellers for the purchased shares in two instalments. The first instalment of PLN 2,619,215.5 will be paid in cash within 10 business days of signing the share purchase agreement. The second instalment will be settled in cash 7 (seven) months after the market release of *Vitriol*, a game developed by Fool's Theory and published by the Company. The second tranche amount will depend on net revenue generated by the Company from the sale of *Vitriol* within 6 (six) months from the game's market release and the percentage of positive user ratings on Steam Reviews received by *Vitriol* over that period. According to the agreement, the second tranche amount will be within the range of PLN 1,571,529 - PLN 3,666,901.

Moreover, on February 28th 2022, the Company concluded a shareholders agreement with Jakub Rokosz and Krzysztof Mąka setting out detailed rules for managing Fool's Theory's affairs and mutual rights and obligations of its shareholders. The parties to the shareholders

agreement agreed that they would not sell or otherwise transfer their shareholdings in Fool's Theory until at least seven (7) months after the release of *Vitriol* and that they would have the right of first refusal thereafter in the event that any of the shareholders wishes to sell their interest. The shareholders also agreed to work in concert, for a period of ten (10) years from the date of the agreement, to advance the development of Fool's Theory and to prepare an incentive scheme for key employees and associates of Fool's Theory, which would be based on the financial results (cumulative revenue and gross profit) of the company generated in the years 2023-2027. Additionally, if Fool's Theory achieves the targets set in connection with the incentive scheme for the years 2023-2027, 11 bit studios S.A. will pay Jakub Rokosz and Krzysztof Mąka a bonus in the aggregate amount of PLN 1,000,000.

Reasons for publishing delayed inside information:

As the Company has already executed the agreement for the purchase of shares in Fool's Theory sp. z o.o., the risk that its legitimate interests could be prejudiced has ceased to exist.

Reasons for delaying inside information:

In the Management Board's opinion, at the time when the decision to delay public disclosure of the inside information was made, it met the conditions set out in MAR and in the European Securities and Markets Authority's Guidelines on delayed disclosure of inside information.

Disclosure of the inside information in the course of negotiations of the share purchase agreement and during corporate events between the Company's governing bodies could adversely affect their outcome, which would be likely to prejudice the Company's legitimate interests.

Furthermore, immediate disclosure of the inside information regarding a decision made by the management body, which, according to the Company's internal regulations, requires approval by another corporate body, would be likely to prejudice the Company's legitimate interests.

The Company notes that delayed public disclosure of the inside information will not mislead the public and that it has taken all steps to ensure the confidentiality of that information.

Pursuant to the third paragraph of Article 17(4) of Regulation No 596/2014, the Company will inform the Financial Supervision Authority today, i.e. on February 28th 2022, of delayed disclosure of the inside information, providing reasons for the delay on the basis that the conditions specified in points (a), (b) and (c) of Article 17(4) of Regulation No 596/2014 are met.

For the Company:

Przemysław Marszał, President of the Management Board
Grzegorz Miechowski, Member of the Management Board