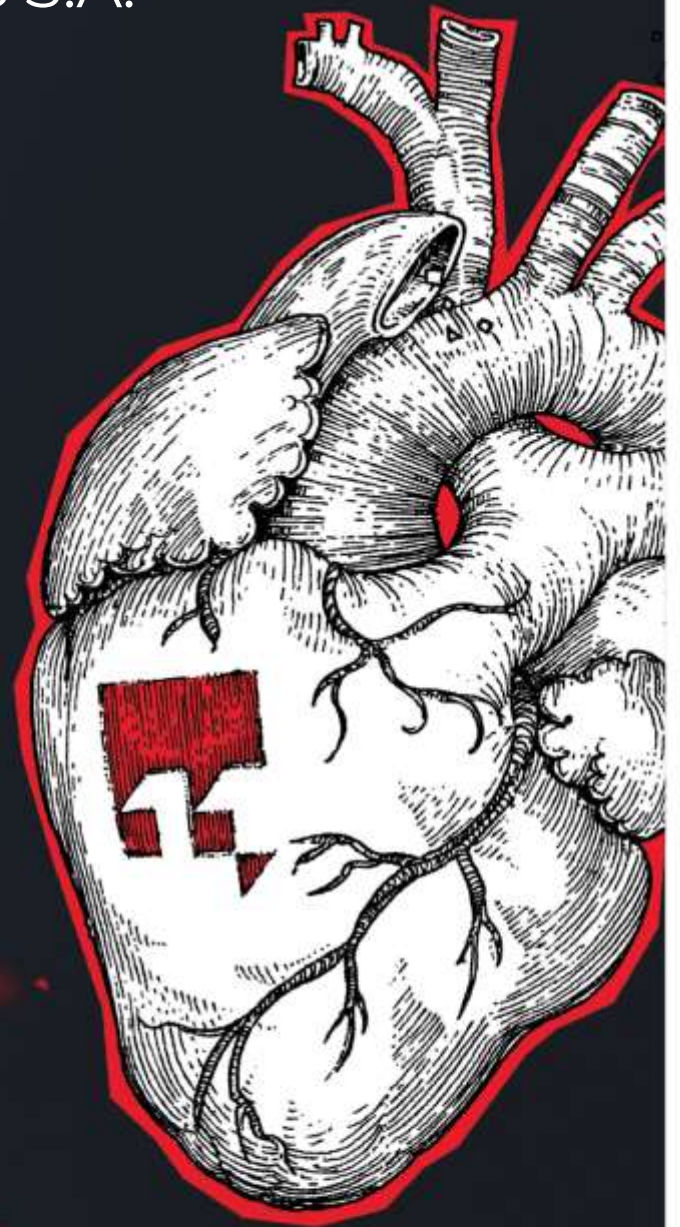


Warsaw, 23 May 2024

QUARTERLY REPORT

OF 11 BIT STUDIOS S.A.

FOR THE
THREE
MONTHS
ENDED
31 MARCH
2024



MAKE
YOUR
MARK **11bit**
STUDIOS

LETTER FROM THE MANAGEMENT BOARD

Warsaw, 23 May 2024

DEAR SHAREHOLDERS AND INVESTORS,

It is our pleasure to present to you the quarterly report of 11 bit studios S.A. for the three months ended 31 March 2024. During this period, the Company generated close to PLN 15.33 million in revenue, with negative EBITDA of PLN 0.12 million, an operating loss of PLN 1.03 million, and a net loss of PLN 1.6 million.

It is noteworthy that as much as 48% of our revenue in the first quarter of 2024 came from our publishing division, driven by the sales of *The Invincible* and *The Thaumaturge*, which launched on 6 November 2023 and 4 March 2024, respectively. Although the initial sales of both games were slightly below expectations, we are pleased to see that fans are responding well to the early discounts we have offered, which should positively impact long-term sales. We are also glad to report that *INDIKA*, whose PC version debuted on 2 May 2024 and console versions on 17 May 2024, performed as expected upon release. The title is receiving excellent reviews from critics and fans alike and perfectly complements our portfolio of “meaningful entertainment” productions. Notably, this project, though modest in terms of the Company’s capital outlay, has already broken even.

This year’s performance of 11 bit studios S.A. will primarily be driven by the upcoming premieres of *Frostpunk 2* and *The Alters*. We plan for the PC and Mac versions of *Frostpunk 2* to hit the shelves on 25 July 2024, with *The Alters* slated for release shortly thereafter, also in the third quarter of this year. On its release date, the latter will simultaneously be available on PC as well as Xbox X/S and PS5. As agreed with Microsoft Corporation last year, both games will be included in the Game Pass subscription service from their launch dates.

We are committed to ensuring that both *Frostpunk 2* and *The Alters* deliver the highest technical quality, balanced gameplay, and, of course, a lot of excitement and entertainment. Continuous internal testing and periodic external testing have allowed

us to promptly address early feedback from a broad spectrum of individuals, including testers and players who opted for the Deluxe Edition of *Frostpunk 2*. Owners of this edition were already able to freely test a segment of the gameplay for a week in April.

Frostpunk 2 is also breaking new ground for 11 bit studios S.A. as the Company’s first-ever game available for pre-order. The decision to offer this option has proven overwhelmingly positive after just a few weeks. Similarly, our first-time initiative to organise a two-day showcase of *Frostpunk 2* and *The Alters* for industry media representatives and influencers has been very successful. Around 100 guests from across the world, including the US, Western Europe, Japan, Brazil, and Australia, attended the event held in Warsaw on 16–17 May. Among them were representatives of all the top gaming media outlets, including IGN, GameSpot, PC Gamer, and Rock Paper Shotgun. Coverage from the showcase will be released soon, after the news embargo lifts: on 24 May for *The Alters* and on 27 May for *Frostpunk 2*. The ongoing marketing campaign, which has only started to gain momentum, is already generating robust interest from fans for both titles, with *Frostpunk 2* currently being the third most anticipated game on the Steam wishlist and *The Alters* steadily climbing up from its current ranking of 70 on the same list. Importantly, we have many more marketing activities planned for both games.

In the slightly longer term, we expect 11 bit studios S.A.’s performance to be driven by the releases of paid downloadable content (DLCs) and versions of existing games for additional platforms, as well as new game premieres. Later in 2024, *Creatures of Ava* from the Spanish studios Inverge and Chibig will debut, and in 2025 we intend to launch another proprietary title, *Project 8* (codename), and *Botin* (also a codename). The latter is being developed by Digital Sun, the Spanish studio behind the highly

successful *Moonlighter*, a major publishing hit for 11 bit studios S.A.

Once again, we thank you for the trust you place in our Company and invite you to read the Report.

Signed by:



Przemysław Marszał
President of
the Management Board



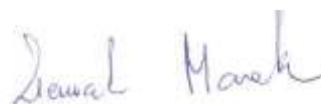
Grzegorz Miechowski
Member of
the Management Board



Michał Drozdowski Member
of the Management Board



Paweł Feldman Member of
the Management Board



Marek Ziemak Member of
the Management Board

FINANCIAL HIGHLIGHTS

	PLN		EUR	
	1 Jan –31 Mar 2024	1 Jan –31 Mar 2023	1 Jan –31 Mar 2024	1 Jan –31 Mar 2023
Revenue	15,326,271	14,763,386	3,546,845	3,140,812
Depreciation and amortisation	(912,412)	(1,121,349)	(211,153)	(238,560)
Operating profit/(loss)	(1,030,942)	1,884,615	(238,583)	400,939
EBITDA	(118,530)	3,005,964	(27,431)	639,499
Profit (loss) before tax	(1,132,242)	2,855,447	(262,026)	607,477
Net profit/(loss)	(1,605,666)	2,465,946	(371,587)	524,614
Net cash from operating activities	5,438,889	2,015,225	1,258,682	428,726
Net cash from investing activities	(1,096,643)	(5,240,459)	(253,788)	(1,114,873)
Net cash from financing activities	(368,663)	(614,827)	(85,317)	(130,800)
Total net cash flows	3,973,583	(3,840,062)	919,577	(816,947)

	PLN		EUR	
	31 Mar 2024	31 Dec 2023	31 Mar 2024	31 Dec 2023
Total assets	265,150,952	258,328,148	61,650,109	59,413,098
Non-current assets	204,805,036	191,392,967	47,619,111	44,018,622
Current assets	60,345,916	66,935,181	14,030,997	15,394,476
Equity	227,550,813	227,065,033	52,907,720	52,222,869
Non-current liabilities	6,236,224	6,558,820	1,449,981	1,508,468
Current liabilities	31,363,916	24,704,296	7,292,408	5,681,761

The financial highlights presented in the tables below have been translated into the euro at the rates specified below.

- Items of the statement of comprehensive income and statement of cash flows have been translated using the exchange rates calculated as the arithmetic means of the EUR/PLN mid rates quoted by the National Bank of Poland for the last day of each month in the reporting period. The exchange rates were as follows: EUR 1/PLN 4.3211 from 1 January to 31 March 2024, and EUR 1/ PLN 4.7005 from 1 January to 31 March 2023.
- Items of assets, equity and liabilities in the statement of financial position have been translated using the EUR/PLN exchange rates quoted by the National Bank of Poland for the last day of the reporting period. The exchange rates were as follows: EUR 1/PLN 4.3009 as at 31 March 2024, and EUR 1/ PLN 4.3480 as at 31 December 2023.

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OF 11 BIT STUDIOS S.A.

FOR THE THREE MONTHS ENDED
31 MARCH 2024

PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS
AS ENDORSED BY THE EUROPEAN UNION

STATEMENT OF COMPREHENSIVE INCOME

	Note	1 Jan–31 Mar 2024 (unaudited)	1 Jan–31 Mar 2023 (unaudited)
Continuing operations			
Revenue	1.1.	15,326,271	14,763,386
Other income	1.3.	93	54,170
Total operating income		15,326,364	14,817,556
Depreciation and amortisation	1.2.	(912,412)	(1,121,349)
Raw materials and consumables used		(195,790)	(205,680)
Services		(8,359,082)	(7,747,617)
Salaries, wages and employee benefits		(6,011,889)	(3,318,852)
Taxes and charges		(135,129)	(150,059)
Other expenses	1.3.	(743,004)	(389,384)
Total operating expenses		(16,357,306)	(12,932,941)
Operating profit/(loss)		(1,030,942)	1,884,615
Finance income	1.4	844,527	1,883,408
Finance costs	1.4	(574,207)	(1,003,342)
Share in profit/(loss) of associate		(371,619)	90,766
Profit/(loss) before tax		(1,132,242)	2,855,447
Income tax expense	1.5	(473,424)	(389,501)
NET PROFIT/(LOSS)		(1,605,666)	2,465,946
Earnings/(loss) per share			
Basic	2.2.	(0.66)	1.04
Diluted	2.2.	(0.66)	1.02
NET PROFIT/(LOSS)		(1,605,666)	2,465,946
Other comprehensive income		-	-
TOTAL COMPREHENSIVE INCOME		(1,605,666)	2,465,946

STATEMENT OF FINANCIAL POSITION

	Note	31 Mar 2024 (unaudited)	31 Dec 2023 (audited)
ASSETS			
Non-current assets		204,805,036	191,392,967
Property, plant and equipment	2.3.	23,718,853	24,202,561
Perpetual usufruct of land	2.4.	4,154,727	4,168,798
Intangible assets	2.5.	168,969,713	155,367,739
Deferred tax assets	2.1.	2,583,769	2,039,472
Investments in associates	2.6.	3,844,434	3,626,510
Other assets		69,581	84,685
Long-term investments	2.7.	1,191,227	1,652,536
Financial instruments (IRS)		272,732	250,666
Current assets		60,345,916	66,935,181
Trade and other receivables	2.8.	13,276,380	10,741,528
Income tax receivable	1.5.	902,880	804,451
Merchandise		47,311	1,510
Other assets		1,311,413	939,838
Financial instruments (IRS)		71,147	61,388
Cash and cash equivalents	2.10.	40,557,349	37,555,974
Financial assets	2.9.	4,179,436	16,830,492
TOTAL ASSETS		265,150,952	258,328,148

	Note	31 Mar 2024 (unaudited)	31 Dec 2023 (audited)
EQUITY AND LIABILITIES			
Equity	2.13.	227,550,813	227,065,033
Share capital	2.11	241,720	241,720
Share premium	2.11	18,232,710	18,232,710
Statutory reserve funds		172,043,090	172,043,090
Share-based payment reserve		38,321,435	36,229,989
Retained earnings		(1,288,143)	317,524
Non-current liabilities		6,236,224	6,558,820
Borrowings	2.14.	4,830,000	5,145,000
Employee benefit and other provisions	2.15.	22,040	29,148
Lease liabilities	2.16.	748,473	748,962
Deferred income	2.19.	635,711	635,710
Current liabilities		31,363,915	24,704,295
Trade and other payables	2.17.	2,924,806	2,918,000
Royalties payable		4,507,505	3,227,816
Borrowings	2.14.	1,260,000	1,260,000
Employee benefit and other provisions	2.15.	4,224,676	2,462,361
Lease liabilities	2.16.	15,254	15,254
Liabilities arising from acquisition of shares in associate	2.6.	2,055,214	1,465,671
Contract liabilities	2.22.	16,376,462	13,355,194
Total liabilities		37,600,139	31,263,115
TOTAL EQUITY AND LIABILITIES		265,150,952	258,328,148

STATEMENT OF CHANGES IN EQUITY

	Share capital	Share premium	Statutory reserve funds	Capital reserve	Retained earnings	Total
As at 1 Jan 2024 (audited)	241,720	18,232,710	172,043,090	36,229,989	317,524	227,065,033
Net profit/(loss) for the year	-	-	-	-	(1,605,666)	(1,605,666)
Total comprehensive income	-	-	-	-	(1,605,666)	(1,605,666)
Allocation of profit to statutory reserve funds	-	-	-	-	-	-
Recognition of Series G share-based payments	-	-	-	-	-	-
Recognition of costs of the 2021–2025 Incentive Scheme	-	-	-	2,091,446	-	2,091,446
As at 31 Mar 2024 (unaudited)	241,720	18,232,710	172,043,090	38,321,435	(1,288,143)	227,550,813

	Share capital	Share premium	Statutory reserve funds	Capital reserve	Retained earnings	Total
As at 1 Jan 2023 (audited)	238,014	14,422,772	149,153,274	38,047,889	22,681,731	224,543,680
Net profit/(loss) for the year	-	-	-	-	2,465,943	2,465,943
Total comprehensive income	-	-	-	-	2,465,943	2,465,943
Creation of capital reserve	-	-	-	-	-	-
Recognition of Series G share-based payments	-	-	-	-	-	-
Recognition of costs of the 2021–2025 Incentive Scheme	-	-	-	787,883	-	787,883
As at 31 Mar 2023 (unaudited)	238,014	14,422,772	149,153,274	38,835,772	25,147,674	227,797,506

STATEMENT OF CASH FLOWS

	1 Jan–31 Mar 2024 (unaudited)	1 Jan–31 Mar 2023 (unaudited)
Cash flows from operating activities		
Profit/(loss) for the year	(1,605,666)	2,465,946
Adjustments:		
Depreciation and amortisation	912,412	1,121,349
Effect of income tax recognised in profit or loss	473,424	389,501
Remeasurement of intangible assets	-	21,031
Costs of the 2021–2025 Incentive Scheme	2,091,446	787,883
(Gain)/loss on change in fair value of financial assets at fair value through profit or loss	429,483	(908,269)
Share of (profit)/loss of associates	371,619	-
Foreign exchange losses on cash	972,208	-
Interest income	(989,478)	(417,388)
Other adjustments	20,226	(575,750)
Changes in working capital:		
Change in trade and other receivables	(2,534,852)	(1,621,508)
Change in withholding tax receivables	376,675	-
Change in inventories	(45,800)	-
Change in other assets	(356,470)	(197,275)
Change in trade and other payables	1,286,006	1,688,835
Change in contract liabilities	3,021,268	(1,051,330)
Change in provisions	1,755,207	312,200
Cash provided by operating activities	6,177,707	2,015,225
Income tax paid	(738,818)	-
Net cash from operating activities	5,438,889	2,015,225
Cash flows from investing activities		
Loans to employees	550,389	(1,587)
Income from interest on deposits over 3 months	369,575	-
Proceeds on maturity of bank deposits with maturities of more than 3 months	12,000,000	3,000,000
New bank deposits placed with maturities of more than 3 months	-	(16,000,000)
Proceeds from redemption of financial assets	-	20,375,161
Payment for acquisition of long-term financial assets (shares in Starward Industries S.A.)	-	(215)
Payments for property, plant and equipment and intangible assets	(14,016,607)	(12,613,819)
Net cash from investing activities	(1,096,643)	(5,240,459)
Cash flows from financing activities		
Proceeds from issue of shares	-	-
Proceeds/(repayments) under credit facility	(315,000)	(420,000)
Payment of interest on credit facility	(53,663)	(194,827)
Net cash from financing activities	(368,663)	(614,827)
Increase in cash and cash equivalents	3,973,583	(3,840,062)
Effect of exchange rate fluctuations on cash held	(972,208)	-
Cash at beginning of reporting period	37,555,974	30,585,991
CASH AT END OF REPORTING PERIOD	40,557,349	26,745,930



NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

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OVERVIEW

11 bit studios S.A. (the "Company") was incorporated by a notarial deed of 7 December 2009 before Paweł Andrzej Kania, Notary Public of Warsaw (number in

the register of notarial deeds: Rep. 16069/2009). Company shares are traded in the public market.

Business name:	11 bit studios Spółka Akcyjna
Abbreviated name:	11 bit studios S.A.
Registered office:	Warsaw, Poland
Registered address:	ul. Brzeska 2, 03-737 Warsaw, Poland
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, 14th Commercial Division
National Court Register (KRS) No.:	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 computer games,
- Sale of cross-platform video games.

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

BASIS OF ACCOUNTING USED IN PREPARING THESE CONDENSED INTERIM FINANCIAL STATEMENTS

These condensed interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting endorsed by the European Union ("IAS 34") and the Regulation of the Minister of Finance of 29 March 2018 on current and periodic information to be 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), and they present the financial position of 11 bit studios S.A. as at 31 March 2024 and 31 December 2023, and results of its operations and cash flows for the three months ended 31 March 2024 and 31 March 2023.

These condensed interim financial statements do not include all the information and disclosures required in full-year financial statements and should be read in conjunction with the Company's financial statements for the year ended 31 December 2023.

These condensed interim financial statements have been prepared based on the assumption that the Company will continue as a going concern for the foreseeable future.

As at the date of authorisation of these financial statements, no circumstances were identified which would indicate that the Company may be unable to continue as a going concern.

FUNCTIONAL AND PRESENTATION CURRENCY

These condensed interim 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.

Transactions carried out in a currency other than the functional currency (foreign currency transactions) are reported using the exchange rate effective at the date of the transaction. As at the reporting date, monetary assets and liabilities denominated in

foreign currencies are translated at the exchange rate effective on that date. Non-monetary items that are measured at fair value and denominated in a foreign currency are translated using the exchange rate effective on the date of the fair value measurement. Non-monetary items are measured at historical cost.

Exchange differences arising on a monetary item are recognised in profit or loss for the period in which they arise.

Most exchange differences arising in the Company's operations are related to export sales and the related trade receivables. The Company presents exchange differences in finance income or costs, as appropriate, which facilitates a more thorough review of the Company's results as well as the sources of its income and expenses.

COMPLIANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

Amendments to existing standards applied for the first time in these condensed interim financial statements

The following new standards and amendments to existing standards effective from 1 January 2024

- **Amendments to IFRS 16 Leases**

In September 2022, the IASB issued amendments to IFRS 16 Leases by clarifying the requirements for subsequent measurement of a lease liability in the case of sale and leaseback transactions that satisfy the requirements in IFRS 15 to be accounted for as a sale.

The amendments require that a seller-lessee subsequently measure lease liabilities arising in leasebacks in such a way as not to recognise any gain or loss relating to the right of use it retains. The new requirement is of particular importance where a leaseback involves variable payments that do not depend on an index or rate, as under IFRS 16 such payments are not 'lease payments'. The amended standard includes a new example that illustrates the application of the new requirement in such situations.

- **Amendments to IAS 1 Presentation of Financial Statements**

In 2020, the IASB published amendments to IAS 1 to clarify how to classify liabilities as current or non-

were applied for the first time in these condensed interim financial statements:

current. In October 2022, the IASB issued further amendments to IAS 1 that address the classification as current or non-current of liabilities with respect to which the entity is required to comply with certain covenants. The amended IAS 1 provides that liabilities are to be classified as current or non-current depending on the rights existing at the end of the reporting period. The classification is not affected by the entity's expectations or events after the reporting date (for example, waiver or breach of the covenant).

- **Amendment to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures – disclosures on supplier finance arrangements**

In May 2023, the IASB published amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures. The amendments provide for disclosure requirements relating to supplier finance arrangements (reverse factoring). An entity is required to disclose specific information on

such arrangements to enable users of financial statements to assess how they affect its liabilities, cash flows and exposure to liquidity risk. The amendments are intended to enhance transparency of disclosures on supplier finance

arrangements but do not affect the principles of recognition and measurement. As at the date of these financial statements, the amendments were not yet endorsed by the European Union.

Issued standards and interpretations which are not yet effective and have not been adopted early by the Company

The Company resolved not to early adopt in these condensed interim financial statements the following issued standards, interpretations or

amendments to existing standards prior to their effective date:

- **Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates**

In August 2023, the IASB published amendments to IAS 21 *The Effects of Changes in Foreign Exchange Rates*, which are intended to help entities determine whether a currency is exchangeable for another currency and estimate the spot exchange rate if it is not. In addition, where a currency is not exchangeable, the amended standard requires disclosure of additional information on how an alternative exchange rate is determined.

The amendments are effective for financial statements for periods beginning on or after 1 January 2025.

As at the date of these financial statements, the amendments were not yet endorsed by the European Union.

- **IFRS 18 Presentation and Disclosure in Financial Statements**

In April 2024, the IASB issued a new standard, IFRS 18 *Presentation and Disclosures in Financial Statements*, which is set to replace IAS 1 *Presentation of Financial Statements* and take effect from 1 January 2027. The changes introduced by IFRS 18 compared to IAS 1 address three areas: the presentation of the statement of profit or loss, the required disclosures for certain performance measures, and the aggregation and disaggregation of information in financial statements.

The standard will be effective for financial statements for periods beginning on or after 1 January 2027.

As at the date of these financial statements, the amendments were not yet endorsed by the European Union.

- **IFRS 14 Regulatory Deferral Accounts**

The standard permits an entity which is a first-time adopter of IFRS (on or after 1 January 2016) to continue to account for rate-regulated activities in accordance with its previous accounting policies. To ensure better comparability with entities which already use IFRSs and do not account for such activities, in accordance with the issued IFRS 14 amounts from rate-regulated activities should be presented as a separate item both in the statement of financial position and in the statement of profit or loss and statement of other comprehensive income.

The European Union has decided not to endorse IFRS 14.

- **Amendments to IFRS 10 and IAS 28 concerning sale or contribution of assets between an investor and its associate or joint venture**

The amendments address the current inconsistency between IFRS 10 and IAS 28. The accounting approach depends on whether the non-monetary assets sold or contributed to an associate or joint venture constitute a business.

Full gain or loss is recognised by the investor if the non-monetary assets constitute a business. If the assets do not meet the definition of a business, the investor recognises a partial gain or loss, excluding the part corresponding to other investors' interests.

The amendments were issued on 11 September 2014. As at the date of these condensed interim financial statements, endorsement of the amendments has been postponed by the European Union.

STATEMENT OF ACCOUNTING POLICIES

In these condensed interim financial statements, significant accounting policies and significant judgements and estimates applied by the Company

were the same as those described in the notes to the financial statements for 2023.

SIGNIFICANT JUDGEMENTS AND ESTIMATES

When applying the accounting policies adopted by the Company, the Company's Management Board is required to make judgements, estimates and assumptions in the process of measuring assets and

liabilities. Estimates and their underlying assumptions are based on historical experience and other factors considered material. Actual results may differ from those estimates.

Professional judgement in accounting

The principal judgements which the Management Board made in the process of applying the Company's accounting policies and which have the

most significant effect on the amounts recognised in these condensed interim financial statements are the same as those described in the financial statements for 2023.

Uncertainty of estimates

The principal judgements which the Management Board made in the process of applying the Company's accounting policies and which have the most significant effect on the amounts recognised

in these condensed interim financial statements are the same as those described in the financial statements for 2023.

SEGMENT REPORTING

For reporting purposes, the Company has identified operating segments corresponding to the Company's components:

- that engage in business activities from which they may earn revenues and incur expenses;
- whose operating results are regularly reviewed by the Company's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance; and

- for which discrete financial information is available.

The Company's chief operating decision maker that makes decisions about allocation of resources and assesses segment performance is the Management Board of 11 bit studios S.A.

The Company has identified one operating segment: computer games production and publishing.



II.

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1.

NOTES TO THE STATEMENT OF COMPREHENSIVE INCOME

1.1. Revenue

	1 Jan–31 Mar 2024 (unaudited)	1 Jan–31 Mar 2023 (unaudited)
Revenue	15,326,271	14,763,386
Total revenue	15,326,271	14,763,386

In the reporting period, revenue came in at PLN 15,326,271, up 3.81% from PLN 14,763,386 posted for the same period of the previous year. In the first quarter of 2024, as in prior periods, the main source of revenue was sales of proprietary games as well as

third-party developed games released by the Company as part of its publishing services. In the reporting period, the publishing division accounted for 48% of 11 bit studios S.A.'s revenue.

Revenue by geographical region

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

Below is presented revenue from external customers by geographical area. The classification is based on the place of registration of the third-party customers (mainly online platforms).

	1 Jan–31 Mar 2024 (unaudited)	1 Jan–31 Mar 2023 (unaudited)
Poland	536,639	1,539,213
European Union	491,522	238,690
United Kingdom	1,632,401	518,266
US	11,292,378	10,758,651
Japan	822,178	1,365,031
China	48,521	59,410
Other	502,632	284,125
Total	15,326,271	14,763,386

Revenue by distribution channel

Of the total revenue amount, PLN 15,203,381 (PLN 14,700,414 the year before) was revenue from sales of games and products directly related to games (such as soundtracks). In the three months to 31

March 2024, the Company's ten largest sales partners, including Valve (Steam), Sony, Nintendo, Genba and Microsoft, accounted for 93.90% of total revenue from sales of games.

1.2. Operating expenses

	1 Jan–31 Mar 2024 (unaudited)	1 Jan–31 Mar 2023 (unaudited)
Depreciation and amortisation	912,412	1,121,349
Raw materials and consumables used	195,790	205,680
Services	8,359,082	7,747,617
Salaries, wages and employee benefits	6,011,889	3,318,852
Taxes and charges	135,129	150,059
Total operating expenses	15,614,303	12,543,557

Depreciation and amortisation

	1 Jan–31 Mar 2024 (unaudited)	1 Jan–31 Mar 2023 (unaudited)
Depreciation/ amortisation charges made during the year:		
Depreciation of property, plant and equipment	601,960	723,725
Amortisation of intangible assets	623,087	835,022
Total	1,225,047	1,558,748
Allocation to project costs	(326,706)	(451,469)
Land (including perpetual usufruct of land)	14,071	14,071
Total	912,412	1,121,349

The 18.63% drop in the depreciation and amortisation expense year on year, to PLN 912,412 from PLN 1,121,349, was mainly attributable to lower amortisation (down by 25.38%) of intangible assets, i.e., expenditure on proprietary games and games from the publishing portfolio, which was due to the

completion of amortisation of certain products. At the same time, 11 bit studios S.A. allocated a significant portion of expenditure incurred in the first quarter of 2024, totalling PLN 326,706 (PLN 451,469 a year earlier), to project costs.

1.3. Other income and expenses

Other income

	1 Jan–31 Mar 2024 (unaudited)	1 Jan–31 Mar 2023 (unaudited)
Compensation received	-	3
Liabilities written off	90	-
Reversal of allowances for expected credit losses	-	28,172
Penalty charged to trading partner	-	25,995
Other	3	-
Total other income	93	54,170

Other expenses

	1 Jan–31 Mar 2024 (unaudited)	1 Jan–31 Mar 2023 (unaudited)
Expected credit loss allowances	1,476	-
Donations	544,783	-
Other, including:	196,744	389,384
- cost of business trips	94,694	286,218
- advertising costs	62,695	68,481
- insurance costs	32,824	30,090
- trademark	6,531	4,522
- other	-	73
Total other expenses	743,004	389,384

In the first quarter of 2024, the largest item (PLN 544,783) of other expenses was a donation to the War Child Foundation, which helps child victims of war. The funds for this purpose came from the sale

of *This War of Mine: The Little Ones* DLC. Other major items of other expenses included travel (PLN 94,694), advertising (PLN 62,695), and insurance (PLN 32,824) expenses. In the three months to 31

March 2024, the Company's other expenses totalled PLN 743,004, up 90.81% year on year.

1.4. Finance income and costs

Finance income

	1 Jan–31 Mar 2024 (unaudited)	1 Jan–31 Mar 2023 (unaudited)
Interest on bank deposits	271,389	357,299
Interest on loans advanced	5,518	2,234
IRS for credit facility	52,212	109,688
Interest income on bonds	-	592,808
Interest on public charges	7,313	-
Allowances for expected credit losses on financial instruments	3,321	3,876
Measurement of IRS	31,826	-
Measurement of financial instruments (Starward Industries S.A.)	-	817,503
Exchange differences	472,948	-
Total finance income	844,527	1,883,408

The main items of finance income for the three months to 31 March 2024 included interest on bank deposits (PLN 271,389 vs PLN 357,299 a year earlier) and foreign exchange gains on remeasurement of 11 bit studios S.A.'s financial assets denominated in foreign currencies (PLN 472,948), i.e. surplus USD and EUR held by the Company.

In the comparative period, the main item of finance income of 11 bit studios S.A. was the gain on remeasurement of Starward Industries S.A. shares following an increase in their price on the NewConnect market.

Finance costs

	1 Jan–31 Mar 2024 (unaudited)	1 Jan–31 Mar 2023 (unaudited)
Interest on public charges	-	51,494
Other interest	144	47
Interest on credit facilities	105,875	194,827
IRS for credit facility	-	-
Measurement of financial instruments (Starward Industries S.A.)	461,309	-
Measurement of IRS	-	191,063
Interest on leases	6,879	6,896
Exchange differences	-	559,015
Total finance costs	574,207	1,003,342

The main item of the Company's finance costs for the three months to 31 March 2024 was the loss on remeasurement of Starward Industries S.A. shares following an decrease in their price on the NewConnect market. The market value of 11 bit studio's stake in this company fell by PLN 461,309 in the reporting period. The Company's finance costs

for the first quarter of 2024 also included an interest expense of PLN 105,875 (vs. PLN 194,827 a year earlier) on an investment credit facility contracted in late 2018 for the purchase of an office building at ul. Brzeska 2 in Warsaw, where the Company is currently headquartered.

1.5. Income tax on continuing operations

Income tax recognised in profit or loss

	1 Jan–31 Mar 2024 (unaudited)	1 Jan–31 Mar 2023 (unaudited)
Current income tax:		
Attributable to current year	1,017,721	632,950
Deferred income tax:		
Attributable to current year	(544,297)	(243,449)
Tax expense recognised in current year on continuing operations	473,424	389,501

With respect to income tax, 11 bit studios S.A. is bound by laws and regulations of general application. The Company does not conduct operations in any Special Economic Zone, which

would entail the applicability of other rules for calculating taxes. The Company's fiscal and accounting year is the same as the calendar year.

Effective tax rate:

	1 Jan–31 Mar 2024 (unaudited)	1 Jan–31 Mar 2023 (unaudited)
Profit before tax from continuing operations	(1,132,242)	2,855,447
Income tax at 19% tax rate	(289,212)	542,535
Tax effect of costs which are not deductible for tax purposes	529,698	(191,521)
Effect of IP Box tax relief settlement at 5% tax rate	(355,001)	(369,317)
Other changes – effect of IP Box on deferred tax	514,001	407,804
Total	473,424	389,501

The tax rate applied in the above reconciliation in 2024 and 2023 is 19%. It is the corporate income tax rate applicable in Poland in accordance with the tax laws. The effective tax rate was -41.81% in the first quarter of 2024 and 13.64% in the first quarter of 2023.

With respect to sales of proprietary games the Company uses the IP Box relief, which was introduced on 23 October 2018 pursuant to the Act Amending the Personal Income Tax Act, the Corporate Income Tax Act, the Tax Legislation and certain other acts, and has been in effect since 1 January 2019. Under the Act, the Company's revenue from the sale of qualifying intellectual property rights (games) multiplied by the nexus index was taxed at a preferential CIT rate (5%). In the three months ended 31 March 2024, the IP Box relief amounted to PLN 355,001 compared with PLN 369,317 in the three months ended 31 March 2023.

Tax laws relating to value added tax, corporate and personal income tax, property tax, and social security contributions are regularly amended. Tax settlements may be subject to inspection over a period of five years. As a result, the disclosures in the financial statements may change at a later date after their amount is finally determined by the tax authorities. To the best of its knowledge, the Management Board is not aware of any circumstances existing as at the date of these financial statements which would necessitate the recognition of provisions for future liabilities to the revenue office.

Current tax receivable and payable

	31 Mar 2024 <i>(unaudited)</i>	31 Dec 2023 <i>(audited)</i>
VAT refund receivable	1,412,735	1,866,281
CIT refund receivable	902,880	804,451
Current tax receivable and payable	2,315,615	2,670,732

Tax receivables included the IP Box tax relief described in **Note 1.5** above (PLN 355,001), the tax remaining to be deducted upon receipt of returns

from trading partners, and non-recovered withholding tax.



2.

NOTES TO THE STATEMENT OF FINANCIAL POSITION

2.1. Deferred tax (net)

Below is presented an analysis of the deferred tax asset / (liability) shown in the statement of financial position.

	31 Mar 2024 <i>(unaudited)</i>	31 Dec 2023 <i>(audited)</i>
Deferred tax assets	2,673,424	2,147,489
Deferred tax liability	(89,655)	(108,017)
Total	2,583,769	2,039,472

All deferred tax assets are classified as current assets, because the items on which the asset is calculated are provisions for current expenses, including

royalties and provisions for bonuses. The Company expects the assets to be reversed in full within 12 months from the reporting date.

Income tax assets/liabilities in the reporting period

	1 Jan 2024	Recognised in profit or loss	31 Mar 2024
Assets			
Provisions	304,353	128,154	432,507
Royalties payable	613,285	243,141	856,426
Liabilities	47,704	(6,120)	41,584
Remeasurement of financial assets	1,168,562	157,626	1,326,188
Depreciation and amortisation	13,585	3,134	16,719
Provisions			
Remeasurement of financial assets	(59,290)	(6,047)	(65,337)
Measurement of financial investments	(48,727)	24,409	(24,318)
Total	2,039,472	544,297	2,583,769

Income tax assets/liabilities in the comparative period

	1 Jan 2023	Recognised in profit or loss	31 Mar 2023
Assets			
Provisions	110,807	36,735	147,542
Royalties payable	770,768	405,655	1,176,423
Liabilities	25,284	4,881	30,165
Remeasurement of financial assets	60,907	(17,982)	42,925
Depreciation and amortisation	1,569	2,613	4,182
Provisions			
Remeasurement of financial assets	(433,493)	(160,377)	(593,870)
Measurement of financial investments	(18,223)	(23,271)	(41,494)
Penalties and compensation income	-	(4,805)	(4,805)
Total	517,619	243,449	761,068

2.2. Earnings per share

Basic earnings per share

	31 Mar 2024 (unaudited)	31 Mar 2023 (unaudited)
Basic earnings per share:		
From continuing operations	(0.66)	1.04
Total basic earnings per share	(0.66)	1.04
Diluted earnings per share:		
From continuing operations	(0.66)	1.02
Total diluted earnings per share	(0.66)	1.02

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

	31 Mar 2024 (unaudited)	31 Mar 2023 (unaudited)
Profit for the financial year attributable to shareholders	(1,605,666)	2,465,946
Total profit used to calculate basic earnings per share	(1,605,666)	2,465,946
Profit used to calculate basic earnings per share from continuing operations	(1,605,666)	2,465,946

	31 Mar 2024 (unaudited)	31 Mar 2023 (unaudited)
Weighted average number of ordinary shares used to calculate earnings per share	2,417,199	2,380,144

Diluted earnings per share

	31 Mar 2024 (unaudited)	31 Mar 2023 (unaudited)
Profit for the financial year attributable to shareholders	(1,605,666)	2,465,946
Total profit used to calculate diluted earnings per share	(1,605,666)	2,465,946
Profit used to calculate diluted earnings per share from continuing operations	(1,605,666)	2,465,946

The weighted average number of shares used to calculate diluted earnings per share is reconciled

	31 Mar 2024 (unaudited)	31 Mar 2023 (unaudited)
Weighted average number of ordinary shares used to calculate basic earnings per share	2,417,199	2,380,144
Shares expected to be issued:		
Employee stock options	-	37,055
Weighted average number of ordinary shares used to calculate diluted earnings per share	2,417,199	2,417,199

The calculation of diluted earnings per share does not include Series H shares which may be issued for the purposes of the 2021–2025 Incentive Scheme as

with the average used to calculate basic earnings per share in the following manner:

the financial targets of that Scheme were not achieved as at the reporting date.

2.3. Property, plant and equipment

	Buildings and premises	Property, plant and equipment under construction	Plant and equipment	Vehicles	Other property, plant and equipment	Total
Gross amount as at 1 Jan 2024	24,499,942	56,466	6,005,121	1,002,778	3,617,187	35,181,493
Increase	-	8,331	95,508	-	14,413	118,252
Decrease	-	-	-	-	-	-
Reclassification	-	(43,924)	43,924	-	-	-
Gross amount as at 31 Mar 2024	24,499,942	20,873	6,144,553	1,002,778	3,631,599	35,299,745
Cumulative depreciation as at 1 Jan 2024	2,840,932	-	4,916,788	509,352	2,711,860	10,978,931
Depreciation	191,731	-	216,015	31,496	162,718	601,960
Decrease	-	-	-	-	-	-
Cumulative depreciation as at 31 Mar 2024	3,032,663	-	5,132,803	540,848	2,874,578	11,580,892
Net amount as at 1 Jan 2024	21,659,010	56,466	1,088,333	493,425	905,327	24,202,561
Net amount as at 31 Mar 2024	21,467,279	20,873	1,011,750	461,929	757,022	23,718,853

	Buildings and premises	Property, plant and equipment under construction	Plant and equipment	Vehicles	Other property, plant and equipment	Total
Gross amount as at 1 Jan 2023	24,394,903	130,952	4,333,077	688,043	3,508,541	33,055,516
Increase	-	518,020	330,405	-	-	848,425
Decrease	-	-	-	-	-	-
Reclassification	-	(483,779)	169,043	314,736	-	-
Gross amount as at 31 Mar 2023	24,394,903	165,193	4,832,525	1,002,779	3,508,541	33,903,941
Cumulative depreciation as at 1 Jan 2023	2,076,425	-	3,642,938	388,613	2,052,818	8,160,794
Depreciation	190,909	-	348,681	26,251	157,884	723,725
Decrease	-	-	-	-	-	-
Cumulative depreciation as at 31 Mar 2023	2,267,334	-	3,991,619	414,864	2,210,702	8,884,519
Net amount as at 1 Jan 2023	22,318,478	130,952	690,139	299,430	1,455,723	24,894,722
Net amount as at 31 Mar 2023	22,127,569	165,193	840,906	587,915	1,297,839	25,019,422

2.4. Perpetual usufruct of land

As at the issue date of these condensed interim financial statements, the Company had one effective agreement on perpetual usufruct of land concerning a developed property at ul. Brzeska 2 in Warsaw, purchased by the Company at the end of 2018 to house its new headquarters. Since 1 January 2019, the right of perpetual usufruct to the property located at

ul. Brzeska 2 in Warsaw has been disclosed in the Company's statement of financial position (under right-of-use assets and lease liabilities). The Company measured the perpetual usufruct right at PLN 4,154,727 (as at 31 March 2024). It is amortised over the term of the perpetual usufruct agreement, i.e., until 27 October 2099.

	2024	2023
Perpetual usufruct of land – opening balance	4,168,798	4,225,080
Increase	-	-
Decrease	-	-
Depreciation	(14,071)	(56,282)
Perpetual usufruct of land – closing balance	4,154,727	4,168,798

2.5. Intangible assets

Amortisation is calculated based on useful lives of the following intangible assets:

Completed development work:

As at 31 March 2024, completed video games development work (PLN 28,012,733) comprised games released in earlier periods as well as in the reporting period, including: *South of The Circle*, *The Invincible*, and, mainly, *The Thaumaturge*.

Ongoing development work:

As at 31 March 2024, expenditure on ongoing development work (PLN 140,683,419) included mainly expenditure on the development of games, in particular *Frostpunk 2*, *The Alters*, *Project 8*, and third-party games in the publishing division. Expenditure on the largest of the projects accounted for 30% of total expenditure on ongoing development work.

Testing ongoing development work for impairment:

Key assumptions used to calculate the value in use of material ongoing development work based on the discounted cash flow model:

The Company makes projections of revenue and expenses over a time horizon of up to five years from the financial statements date, and then discounts them with the weighted average cost of capital (WACC). The discount rate applied in these financial statements is 10.9%.

The weighted average cost of capital was determined using the following capital valuation model: $WACC = \text{cost of debt} \times \text{weight of debt} + \text{cost of equity} \times \text{weight of equity}$. The cost of debt was estimated based on the incurred financial liabilities, i.e., the PLN 12,600,000 investment credit facility with PKO BP S.A.

Revenue was estimated based on a detailed analysis of various areas of the games market using the Company's long-time experience and sales results for 11 bit studios S.A.' current game portfolio.

Expenses were estimated on the basis of costs already incurred and a projection of costs to be incurred until the forecast release date.

A sensitivity analysis performed as at the reporting date showed that there was no risk of impairment of intangible assets comprising ongoing development work. In particular, a hypothetical 20% reduction in projected revenue from the sale of games would not necessitate the recognition of impairment losses.

	Completed development work (game engine)	Completed development work (games)	Licences	Ongoing development work	Total
Gross amount as at 1 Jan 2024	6,813,631	45,032,214	1,388,211	149,621,045	202,855,101
Increase	-	-	-	14,225,061	14,225,061
Reclassification of completed development work	-	23,162,687	-	(23,162,687)	-
Decrease	-	-	-	-	-
Discontinued work written off	-	-	-	-	-
Gross amount as at 31 Mar 2024	6,813,631	68,194,902	1,388,211	140,683,419	217,080,162
Cumulative amortisation as at 1 Jan 2024	6,813,631	39,589,739	1,083,992	-	47,487,362
Amortisation	-	592,430	30,659	-	623,089
Decrease	-	-	-	-	-
Cumulative amortisation as at 31 Mar 2024	6,813,631	40,182,169	1,114,651	-	48,110,452
Net amount as at 1 Jan 2024	0	5,442,475	304,218	149,621,045	155,367,739
Net amount as at 31 Mar 2024	0	28,012,733	273,559	140,683,419	168,969,713

	Completed development work (game engine)	Completed development work (games)	Licences	Ongoing development work	Total
Gross amount as at 1 Jan 2023	6,813,631	40,207,994	1,378,211	96,206,816	144,606,652
Increase	-	-	10,000	12,192,792	12,202,792
Reclassification of completed development work	-	-	-	-	-
Decrease	-	-	-	-	-
Discontinued work written off	-	-	-	-	-
Gross amount as at 31 Mar 2023	6,813,631	40,207,994	1,388,211	108,399,608	156,809,444
Cumulative amortisation as at 1 Jan 2023	5,789,342	37,946,932	892,918	-	44,629,192
Amortisation	341,293	435,909	57,821	-	835,023
Decrease	-	-	-	-	-
Cumulative amortisation as at 31 Mar 2023	6,130,635	38,382,841	950,739	-	45,464,215
Net amount as at 1 Jan 2023	1,024,289	2,261,062	485,293	96,206,816	99,977,460
Net amount as at 31 Mar 2023	682,996	1,825,153	437,472	108,399,608	111,345,229

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.

2.6. Investments in associates

	Information on the associate
Name	Fool's Theory Sp. z o.o.
Principal place of business	Bielsko-Biala
Country of incorporation	Poland
Ownership interest held	40%
% of total voting rights	40%
Investment recognition method	equity method

Measurement of investment in Fool's Theory Sp. z o.o. as at 31 March 2024

	31 Mar 2024 <i>(unaudited)</i>	31 Dec 2023 <i>(audited)</i>
Cost of shares – first tranche	2,619,216	2,619,216
Cost of shares – second tranche (estimate)	2,055,214	1,465,670
Share of profit/(loss) of associate	(371,619)	(458,376)
Investment in associate Fool's Theory Sp. z o.o.	3,844,434	3,626,510

Selected data from the statement of financial position of Fool's Theory Sp. z o.o. as at 31 March 2024

	31 Mar 2024
Non-current assets	23,745,536
Current assets, including:	3,897,849
Cash	43,291
Equity	17,211,118
Current liabilities	3,005,718
Non-current liabilities	982,236
Accruals and deferrals	6,444,313
Net profit/(loss)	18,019,037

2.7. Long-term investments

	31 Mar 2024 <i>(unaudited)</i>	31 Dec 2023 <i>(audited)</i>
Shares in Starward Industries S.A.	1,191,227	1,652,536
Total long-term investments	1,191,227	1,652,536

2.8. Trade and other receivables

	31 Mar 2024 <i>(unaudited)</i>	31 Dec 2023 <i>(audited)</i>
Trade receivables	11,856,721	8,850,840
Taxes, grants, customs duties and social security	1,412,735	1,866,281
Other	6,924	24,406
Total trade and other receivables	13,276,380	10,741,528

Trade receivables

The Company recognised impairment losses based on historical credit loss rates determined through an analysis of receivables repayment.

The Company also recognises impairment losses for receivables that are past due more than 360 days, but there were no such receivables in the reporting period.

Trade receivables are measured in the accounting books at amounts corresponding to transaction prices adjusted for impairment, if any, in accordance with the expected loss model.

Since the Company has cooperated for years with the same trading partners with a very high financial standing and has never experienced any payment problems in those relations, it applies simplified methods to measure receivables at amortised cost, unless this would distort information contained in its statement of financial position, in particular where the period until the due date for payment is not long. Historically, there have been only minor changes to the list of trading partners through which the Company sells games.

The balances disclosed as at 31 March 2024 included receivables from the Company's largest customers, accounting for over 5% of total trade receivables.

Receivables by customer:

	31 Mar 2024 (unaudited)	31 Dec 2023 (audited)
Company A	7,989,537	3,961,574
Company B	751,396	1,087,955
Company C	480,769	548,942
Company D	409,023	291,964

Ageing analysis of trade receivables

	31 Mar 2024 (unaudited)	31 Dec 2023 (audited)
Not past due	11,366,129	8,123,979
1-30 days	484,000	725,775
31-60 days	7,464	4,025
61-90 days	2,673	887
91-120 days	2,248	461
121-360 days	2,247	2,277
Over 360 days	-	-
Total	11,864,761	8,857,404

As at 31 March 2024, there were no reasons to recognise individual impairment losses on past due receivables.

2.9. Current financial assets

	31 Mar 2024 (unaudited)	31 Dec 2023 (audited)
Loans to employees	54,472	612,047
Bank deposits with maturities of more than 3 months	4,124,964	16,218,444
Total current financial assets	4,179,436	16,830,492

The Company classifies its financial instruments as current financial assets as they are used to manage the Company's day-to-day liquidity.

Loans to employees are measured at amortised cost. They bear interest at 12M WIBOR plus a margin of

0.5% per annum. Loans are granted for a period of 12 months. Loans to employees are presented as current assets due to the remaining repayment period.

2.10. Cash and cash equivalents

	31 Mar 2024 (unaudited)	31 Dec 2023 (audited)
Cash in bank accounts and in hand	28,120,249	25,764,898
Short-term deposits (up to 3 months)	12,452,409	11,805,000
Impairment losses on cash and cash equivalents	(15,309)	(13,924)
Total	40,557,349	37,555,974

Cash in hand and at banks as at 31 March 2024, by currency:

- PLN 1,503,912 PLN,
- USD 6,236,486 (PLN 24,874,848),
- EUR 401,317 (PLN 1,726,026),
- CNY 155 (PLN 280).

When measuring its cash, including cash denominated in foreign currencies, as at 31 March

Cash in hand and at banks as at 31 December 2023, by currency:

- PLN 2,610,497,
- USD 5,444,959 (PLN 21,425,915),
- EUR 1,714,407 (PLN 394,298),
- CNY 155 (PLN 280).

2024, the Company also measured expected credit losses (ECL), but the effect was not material.

2.11. Share capital

As at 31 March 2024, the Company's share capital consisted of 2,417,199 fully paid-up ordinary shares totalling PLN 241,719.90.

Ordinary shares fully paid

	Number of shares	Share capital	Share premium
As at 31 Dec 2023	2,417,199	241,720	18,232,710
Increase/decrease	-	-	-
As at 31 Mar 2024	2,417,199	241,720	18,232,710

Each fully paid ordinary share, with a par value of PLN 0.10, confers one vote at the General Meeting and pays dividends.

2.12. Dividends paid

No dividends were paid by the Company in 1 January to 31 March 2024 or in 2023.

2.13. Recommendation on the allocation of 2023 profit

On 22 April 2024, the Company's Management Board passed a resolution to allocate the entire net profit earned by the Company in 2023 to statutory reserve funds. On 9 May 2024, the Company's Supervisory Board issued a positive opinion on the recommendation. A final decision on the allocation

of profit for 2023 will be made by shareholders at the General Meeting convened for 6 June 2024.

2.14. Credit facility

	2024	2023
Opening balance	6,405,000	7,665,000
Principal increase	-	-
Principal repayment	(315,000)	(1,260,000)
Interest accrued	105,875	541,479
Interest paid	(105,875)	(541,479)
Closing balance	6,090,000	6,405,000
including:		
- current	1,260,000	1,260,000
- non-current	4,830,000	5,145,000

On 19 December 2018, the Company announced that it had entered into a PLN 12,600,000 investment credit facility agreement with PKO BP S.A. to partly finance the purchase of a developed property located at ul. Brzeska 2 in Warsaw. The facility repayment date is 11 December 2028. The facility is repayable in monthly instalments. As at 31 March 2024, the Company had no delays or arrears in its repayment. The facility bears interest at 1M WIBOR plus a fixed bank margin of 0.9pp. Interest rate risk

related to the facility is hedged with an interest rate swap over the entire term of the facility. The interest rate is 3.4%. Repayment of the facility is secured with a blank promissory note issued by the Company, together with a promissory note declaration, a contractual mortgage of up to PLN 20,223,000 over perpetual usufruct of land and 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 S.A.

Financial liabilities (borrowings) of 11 bit studios S.A.

Lender	Borrowed amount	Currency	As at 31 Mar 2024	As at 31 Dec 2023	Interest rate	Repayment deadline
PKO BP S.A.	12,600,000	PLN	6,090,000	6,405,000	1M WIBOR + 0.9%.	11 Dec 2028
Total	12,600,000		6,090,000	6,405,000		

2.15. Provisions

	Accrued retirement and disability benefits	Accrued holiday entitlements	Accrued bonuses for Management Board members and employees	Accrued salaries and wages and B2B bonuses	Total
As at 1 Jan 2024	30,214	903,528	766,449	791,317	2,491,508
Increase:					
Recognition	298	624,117	741,508	752,236	2,118,159
Decrease:					
Use	-	(342,183)	-	(6,653)	(348,837)
Reversal	(7,108)	-	-	(7,008)	(14,116)
As at 31 Mar 2024	23,404	1,185,462	1,507,957	1,529,891	4,246,716
including:					
- current	1,364	1,185,462	1,507,957	1,529,891	4,224,676
- non-current	22,040	-	-	-	22,040

	Accrued retirement and disability benefits	Accrued holiday entitlements	Accrued bonuses for Management Board members and employees	Accrued salaries and wages and B2B bonuses	Total
As at 1 Jan 2023	23,061	590,205	83,315	167,431	864,012
Increase:					
Recognition	1,367	408,420	18,174	38,022	465,983
Decrease:					
Use	-	(153,784)	-	-	(153,784)
Reversal	-	-	-	-	-
As at 31 Mar 2023	24,428	844,841	101,489	205,453	1,176,211
including:					
- current	1,035	844,841	101,489	205,453	1,152,818
- non-current	23,393	-	-	-	23,393

2.16. Lease liabilities

	31 Mar 2024 (unaudited)	31 Dec 2023 (audited)
Lease liabilities – opening balance	764,215	766,130
Increase	-	-
Decrease	-	-
Charges for perpetual usufruct of land	(488)	(1,915)
Lease liabilities – closing balance	763,727	764,215
including:		
- current	15,254	15,254
- long-term	748,473	748,962

2.17. Trade and other payables

	31 Mar 2024 (unaudited)	31 Dec 2023 (audited)
Trade payables	1,274,591	1,113,891
Provisions for product returns	113,995	98,804
Guarantee deposits – Brzeska 2	6,650	11,600
Taxes, customs duties, insurance and other dues	1,062,873	1,238,923
Accruals and deferred income (provision for audit and other invoices)	420,036	407,031
Amounts payable to employees	4,868	5,956
Other	41,793	41,795
Total trade and other payables	2,924,806	2,918,000

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

As at the reporting date, the largest item of trade and other payables was trade payables, which amounted to PLN 1,274,591, up 14.43% on year-end

2023. At the same time, taxes, customs duties, social insurance, health insurance and other public dues payable decreased by 14.21%, to PLN 1,062,873 (as at 31 March 2024). In total, 11 bit studios S.A.'s trade and other payables as at the end of the reporting period amounted to PLN 2,924,806, up 0.23% on 31 December 2023.

2.18. Contractual maturities of liabilities

Time to maturity as at 31 Mar 2024

	Up to 1 month	Over 1 month to 3 months	Over 3 months to 1 year	Over 1 year to 5 years	Over 5 years	Nominal (undiscounted) amount
Trade payables	1,217,710	56,881	-	-	-	1,274,591
Lease liabilities	2,456	4,912	22,104	117,888	2,217,777	2,365,137
Royalties payable	-	3,515,573	991,932	-	-	4,507,505
Credit facility	105,000	210,000	945,000	4,830,000	-	6,090,000
Liabilities arising from acquisition of shares in associate	-	-	-	2,055,214	-	2,055,214

Time to maturity as at 31 Dec 2023

	Up to 1 month	Over 1 month to 3 months	Over 3 months to 1 year	Over 1 year to 5 years	Over 5 years	Nominal (undiscounted) amount
Trade payables	1,059,825	54,066	-	-	-	1,113,891
Lease liabilities	2,456	4,912	22,104	117,888	2,087,609	2,234,969
Royalties payable	-	1,939,426	1,288,390	-	-	3,227,816
Credit facility	105,000	210,000	945,000	5,040,000	105,000	6,405,000
Liabilities arising from acquisition of shares in associate	-	-	-	1,465,671	-	1,465,671

2.19. Deferred income

	31 Mar 2024 (unaudited)	31 Dec 2023 (audited)
Government grants	635,711	635,711
Total	635,711	635,711
including:		
- short-term	-	-
- non-current	635,711	635,711



3.

NOTES ON FINANCIAL INSTRUMENTS

3.1. Financial instruments

As at the reporting date, the Company analysed its financial assets and concluded that the carrying amounts of the instruments measured at amortised cost did not differ from their fair value both as at 31

March 2024 and 31 December 2023. In the case of instruments measured at fair value, the measurement was based on their market value as at the reporting date.

Financial assets and liabilities

Classes of financial instruments as at 31 Mar 2024	Measured at amortised cost	Measured at fair value through profit or loss	Measured at fair value through other comprehensive income	Total
Financial assets				
Cash	40,557,349	-	-	40,597,349
Long-term investments	-	1,191,227	-	1,191,227
Bank deposits with maturities of more than 3 months	4,123,387	-	-	4,123,387
Trade and other receivables	13,276,380	-	-	13,276,380
Loans to employees	54,472	-	-	54,472
IRS	-	343,879	-	343,879
Total	58,011,589	1,535,107	-	59,492,223
Financial liabilities				
Trade and other payables	2,924,806	-	-	2,924,806
Royalties payable	4,507,505	-	-	4,507,505
Liabilities arising from acquisition of shares in associate	-	2,055,214	-	2,055,214
Credit facility	6,090,000	-	-	6,090,000
Total	13,522,311	2,055,214	-	15,577

Classes of financial instruments as at 31 Dec 2023	Measured at amortised cost	Measured at fair value through profit or loss	Measured at fair value through other comprehensive income	Total
Financial assets				
Cash	37,555,974	-	-	37,555,974
Long-term investments	-	1,652,536	-	1,652,536
Bank deposits with maturities of more than 3 months	16,218,444	-	-	16,218,444
Trade and other receivables	8,875,246	-	-	8,875,246
Loans to employees	612,047	-	-	612,047
IRS	-	312,053	-	312,053
Total	63,261,711	1,964,589	-	65,226,300
Financial liabilities				
Trade and other payables	1,679,077	-	-	1,679,077
Royalties payable	3,227,816	-	-	3,227,816
Liabilities arising from acquisition of shares in associate	-	1,465,671	-	1,465,671
Credit facility	6,405,000	-	-	6,405,000
Total	11,311,893	1,465,671	-	12,777,564

Fair value of the Company's financial assets and liabilities not measured at fair value

In the opinion of the Company's Management Board, the carrying amounts of trade receivables

and payables and cash presented in these financial statements approximate their fair values.

Financial assets measured at fair value:

The Company did not change the methods used to measure financial instruments relative to the prior reporting period.

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 bonds and notes is measured at cost, plus any outstanding interest and discount determined using the effective interest rate. The fair value of loans for employees is determined based on future cash flows, discounted at the current interest rate on loans.

	31 Mar 2024	31 Dec 2023	Fair value hierarchy
Starward Industries S.A. shares	1,191,227	1,652,536	Level 1
Measurement of IRS	343,879	312,053	Level 3

3.2. Share-based payments

Employee stock option plan for 2021–2025

Pursuant to Resolution No. 03/01/2021 of the Company's Extraordinary General Meeting of 21 January 2021, the Company operates an Incentive Scheme for members of the Management Board, employees and independent contractors. Persons who signed Incentive Scheme participation agreements with the Company will be entitled to acquire Series C subscription warrants convertible into Series H shares, subject to meeting the targets set for the Company and defined in the Incentive Scheme Rules.

The Incentive Scheme covers the years 2021–2025. Persons who have the right to acquire the warrants will be entitled to exercise them by subscribing for Series H shares by 30 June 2029.

Pursuant to Resolution No. 05/01/2021 of the Extraordinary General Meeting of 21 January 2021, the Company may issue up to 125,000 Series H shares with a par value of PLN 0.10 per share and total par value of PLN 12,500 for the purposes of the Incentive Scheme. Upon proposal from the Company's Management Board, the Supervisory Board will pass a resolution, promptly after the Annual General Meeting approving the Company's financial statements for the financial year 2025, to grant Series C subscription warrants to the Incentive Scheme participants, in such number as specified in the Management Board's proposal.

The grant of the warrants is subject to the achievement of the following financial targets (in PLN) by the Company:

Total revenue of 11 bit studios S.A., 2021–2025	656,000,000
Total profit before tax of 11 bit studios S.A., 2021–2025	328,000,000

If the financial targets are not fully met, the pool of shares offered under the Incentive Scheme will be reduced by 4% for each 1% of the underperformance. If the financial targets are exceeded, the issue price of Series H shares will be reduced by 1% for each

incremental 2% of the overperformance, however, the discount amount may not exceed 10% of the issue price. The issue price of Series H shares under the 2021–2025 Incentive Scheme was set at PLN 474.93.

Recognition of the 2021–2025 Incentive Scheme

The fair value of warrants granted under the Incentive Scheme has been estimated using the Damodaran warrant pricing model, which takes into account the Company's share price as at the date of signing the Incentive Scheme participation agreement (the grant date) and its annual volatility. This value is charged to profit or loss proportionately over the entire settlement period for the five-year Incentive Scheme, and is recognised as capital reserve. The terms and conditions of the incentive

scheme are based on the achievement of the general corporate objectives, and therefore, as the condition of direct allocation to an asset is not satisfied, these costs do not meet the capitalisation requirement and are recognised in the Company's profit or loss. The key parameters of the model used to calculate the fair value of the potential Incentive Scheme premium and the costs to be charged to the statement of comprehensive income in a given period are presented below:

Number of warrants	125,000
Start date of the Scheme	1 Jan 2021
Vesting date	31 Dec 2025

	First tranche	Second tranche	Total
Grant date	10 Mar 2021	22 Sep 2023	-
11 bit studios S.A. share price on grant date (PLN)	517	697	-
Six-month volatility of 11 bit studios S.A. share price (%)	34.43	29.40	-
Risk-free rate (%)	0.86	5.25	-
Number of Incentive Scheme warrants granted as at 31 Mar 2024	74,850	32,321	107,171
Measurement of warrants (PLN)	199.84	331.96	-
Scheme valuation as at 31 Mar 2024 (PLN)	7,598,805	5,450,405	13,049,210
Statement of profit or loss – employee benefits expense in 2021 (PLN)	-	-	3,347,377
Statement of profit or loss – employee benefits expense in 2022 (PLN)	-	-	2,955,683
Statement of profit or loss – employee benefits expense in 2023 (PLN)	-	-	(1,817,900)
Total Incentive Scheme cost as at 31 Dec 2025 remaining to be recognised (PLN)	-	-	8,564,050
Total	-	-	13,049,210

As at the reporting date, the Company recognised costs in the statement of comprehensive income based on the assumption that the 2021–2025 Incentive Scheme may not be implemented in full.

As at the reporting date, the Company remeasured the total costs of the 2021–2025 Incentive Scheme to PLN 13,049,210 from PLN 12,242,390 as at 31 December 2023. This led to an increase in the costs of the Incentive Scheme recognised in the first quarter of 2024.

The costs of the 2021–2025 Incentive Scheme are recognised over its entire term. The financial objectives set out in the Scheme are Group-wide and have not been set for individual persons (participants of the Scheme). All costs of the Scheme are recognised as they are incurred in the statement of comprehensive income and are not partly capitalised in the statement of financial position.



4.

OTHER NOTES

4.1. Related-party transactions

Related parties include members of the Company's Management and Supervisory Boards (key personnel):

- Przemysław Marszał – President of the Management Board
- Grzegorz Miechowski – Member of the Management Board
- Michał Drozdowski – Member of the Management Board
- Paweł Feldman – Member of the Management Board
- Marek Ziemak – Member of the Management Board
- Radosław Marter – Chair of the Supervisory Board

- Jacek Czykiel – Deputy Chair of the Supervisory Board
- Marcin Kuciapski – Member of the Supervisory Board
- Piotr Wierzbicki – Member of the Supervisory Board
- Milena Olszewska-Miszuris – Member of the Supervisory Board.

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

- Paweł Miechowski – PR Lead, brother of Grzegorz Miechowski, Member of the Management Board

Fool's Theory Sp. z o.o. is classified as a related party.

Commercial transactions

In addition to the services provided by Members of the Company's Management Board, as described in Section II.4, the Company entered into the following

related-party transactions in the periods from 1 January to 31 March 2024 and from 1 January to 31 March 2023:

	31 Mar 2024	31 Mar 2023
Arkona – Paweł Miechowski*	73,101	70,933
Marek Ziemak*	63,954	17,907
Paweł Feldman*	64,132	17,700
Fool's Theory Sp. z o.o.	435,533	22,441
Total	636,720	128,981

* The entity provides B2B services to the Company and receives consideration from the Company.

Loans advanced to related parties

On 5 April 2023, in accordance with Art. 245.1, 245.4 and 245.8 of the Commercial Companies Code and pursuant to Resolution No. 21/06/2020 of the Company's Annual General Meeting of 9 June 2020, the Company entered into a loan agreement with Przemysław Marszał, President of the Management Board, to directly finance the acquisition of shares offered under the 2017–2019 Incentive Scheme. The loan amount was PLN 800,000. As at the end of the reporting period, the amount outstanding (including interest) was PLN 590,467. The loan, including interest, was repaid in full on 26 February 2024.

On 5 June 2023, 11 bit studios S.A. signed a surety agreement with Powszechna Kasa Oszczędności Bank Polski S.A., under which it issued a surety to secure a PLN 3,500,000 one-year multi-purpose credit facility agreement concluded by PKO BP S.A. with Fool's Theory Sp. z o.o. on 5 June 2023. The surety for up to PLN 5,250,000 is valid until the date of the facility repayment by Fool's Theory Sp. z o.o. It was granted on arm's length terms. In the Company's opinion, as at the reporting date there were no grounds for recognising provisions in respect of the surety.

Borrowings from related parties

The Company did not receive any loans from its related parties in the period from 1 January to 31 March 2024 or in 2023.

Remuneration of members of the Management Board, key personnel and members of the Supervisory Board

The Company's key management personnel are its Management Board and Supervisory Board. Remuneration of Members of the Company's Management and Supervisory Boards for

discharging managerial and supervisory duties in the three months to 31 March 2024 and in the comparative period is presented below.

	1 Jan–31 Mar 2024	1 Jan–31 Mar 2023
Short-term benefits – Management Board:	787,527	889,745
Short-term benefits – Supervisory Board:	113,834	108,524
Total	901,361	998,269

On 9 June 2020, the Company's Annual General Meeting passed a resolution (No. 20/06/2020) to adopt a remuneration policy for members of the Company's Management and Supervisory Boards. The full text of the remuneration policy is available on the Company's website in the Investor Relations tab.

The members of the Company's Management Board did not receive any other remuneration in the

form of profit distributions or stock options for the three months ended 31 March 2024 or three months ended 31 March 2023. However, they participate in the 2021–2025 Incentive Scheme, as described in detail (together with the valuation) in **Note 2.14** to these condensed interim financial statements.

In addition, members of the Management Board received the following consideration for services under civil-law contracts:

	1 Jan–31 Mar 2024	1 Jan–31 Mar 2023
Short-term benefits – Management Board (civil-law contracts and cooperation agreements)	181,451	88,959
Total	181,451	88,959

Other related-party transactions

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

Information on related-party transactions

No related-party transactions were executed otherwise than on a non-arm's length basis in the

period from 1 January to 31 March 2024 or in the comparative period.

4.2. Off-balance-sheet commitments

As at the issue date of this Report, the Company had off-balance-sheet commitments to incur expenditure (on intangible assets only) of EUR 2,378,176, PLN 551,255, and USD 772,380. The

commitments are related to publishing agreements executed by the Company with third-party development studios.

4.3. Contingent assets and liabilities

Contingent liabilities

Security for an investment credit facility contracted with PKO BP S.A. in December 2018 to finance a part of the purchase price for the property at ul. Brzeska 2 in Warsaw, comprising a blank promissory note issued by the Company, together with a promissory note declaration, contractual mortgage of up to PLN 20,223,000 over perpetual usufruct of land and ownership title to the building situated on the property, and assignment of cash receivables under an insurance contract for the property in favour of PKO BP.

Security for a multi-purpose credit facility agreement signed by the Company with PKO BP S.A. in June 2023 to finance the Company's day-to-day operations, comprising a blank promissory note issued by the Company, together with a promissory note declaration, PLN 16,000,000 guarantee issued by Bank Gospodarstwa Krajowego, contractual mortgage of up to PLN 30,000,000 (it will replace the contractual mortgage for the investment credit facility of December 2018) over perpetual usufruct of

land and ownership title to the building situated on the property, and assignment of cash receivables under an insurance contract for the property in favour of PKO BP S.A.

Surety agreement with Powszechna Kasa Oszczędności Bank Polski S.A., under which the Company issued a surety to secure a PLN 3,500,000 one-year multi-purpose credit facility agreement concluded by PKO BP S.A. with Fool's Theory Sp. z o.o. on 5 June 2023. The surety for up to PLN 5,250,000 is valid until the date of the facility repayment by Fool's Theory Sp. z o.o. It was granted on arm's length terms. In the Company's opinion, as at the reporting date there were no grounds for recognising provisions in respect of the surety.

Promissory note declaration (blank promissory note) in favour of the National Centre for Research and Development as security for the proper performance of obligations under co-funding agreement No. POIR.01.01.01-00-0231/20-00.

Contingent assets

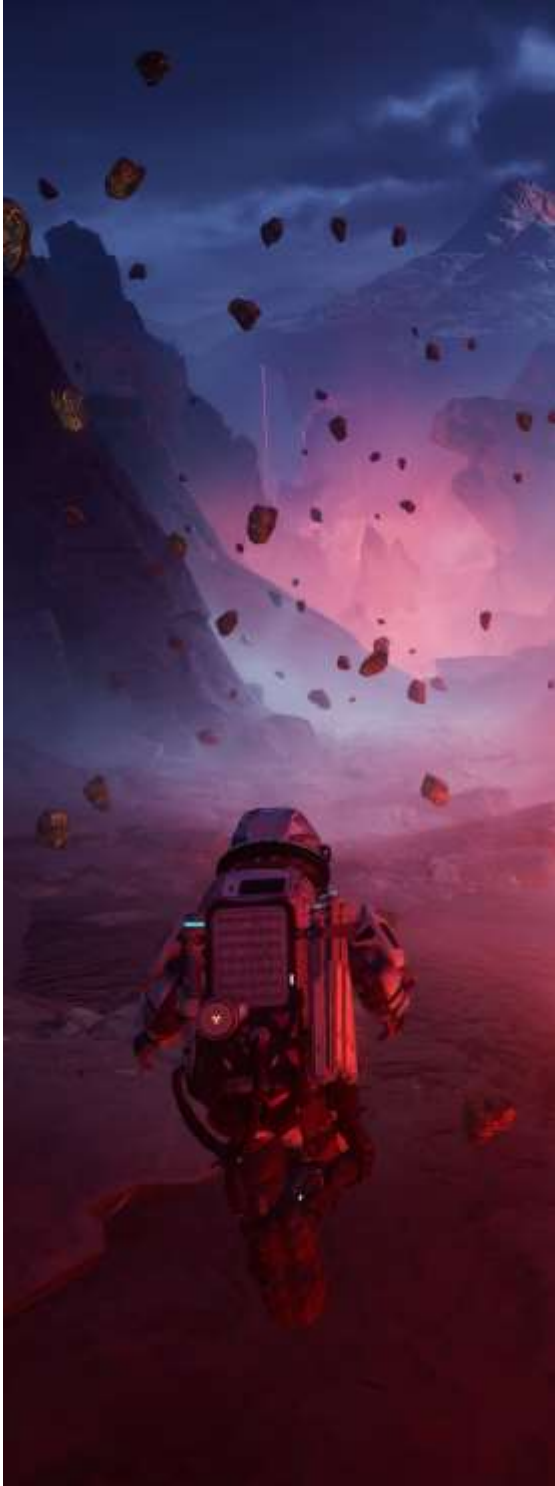
As at 31 March 2024 and in the comparative period, the Company did not recognise any contingent assets.

4.4. Seasonal and cyclical changes in the Company's business during the reporting period

No seasonal or cyclical fluctuations of a non-recurring nature were reported in the three months to 31 March 2024.

4.5. Events subsequent to the reporting date

By the date of authorisation of these interim condensed financial statements, there were no events with a material bearing on these financial statements.



5.

OTHER INFORMATION RELEVANT TO THE QUARTERLY REPORT

5.1. Significant achievements or failures in 1 January to 31 March 2024

In the reporting period, 11 bit studios S.A. posted revenue of PLN 15,326,271, a 3.81% increase year on year, with as much as 48% of this amount derived from sales of games developed by third parties and published by the Company (vs. 40% the year before). This growth was largely driven by the expansion of the Company's publishing portfolio to include *The Invincible*, which launched on 6 November 2023 (on PC, Xbox X/S and PS5), and *The Thaumaturge*, which was released on 4 March 2024 (on PC). Subsequent to the reporting period, *INDIKA* premiered on 2 May on PC and on 19 May on Xbox X/S and PS5. However, the primary source of revenue for 11 bit studios S.A. in the first quarter of 2024 remained the sales of its back catalogue games, including mainly the proprietary titles *Frostpunk* and *This War of Mine* as well as the publishing division's *Moonlighter* and *Children of Morta*. The Company attached great importance to maximising exposure of its products on major distribution platforms. These efforts are based on long-standing relationships with key trading partners and are of strategic importance to the level of sales generated by the Company given its highly mature product portfolio. A noteworthy campaign in this area was the *Frostpunk* sales promotion conducted in early March 2024, which provided a backdrop for the announcement of the *Frostpunk 2* release date (25 July 2024 on PC) and the launch of the option to pre-order the game. Fans can choose between the Deluxe Edition (offered at USD/EUR 74.99), which includes free access to three DLCs to be released successively over the quarters following the title's premiere, and the standard edition priced at USD/EUR 44.99. Deluxe Edition owners could also test a segment of the gameplay in April.

The Company's operating expenses in the three months ended 31 March 2024 were PLN 16,357,306, a 25.88% increase year on year. As in the comparative period, the largest item of operating expenses reported by 11 bit studios S.A. for the first quarter of 2024 was the purchase of services (PLN 8,359,082), which included mainly royalties payable to the developers of *The Invincible*, *Moonlighter* and *Children of Morta*, as well as marketing, management (B2B service contracts), and IT services. In the three months ended 31 March 2024, the Company spent PLN 6,011,889 on salaries and wages (PLN 3,318,852 the year before). It should be noted, however, that the item included a non-cash provision (PLN 2,091,446 vs PLN 787,883 the year before) recognised every quarter (until the fourth

quarter of 2025 inclusive) for the costs of the 2021–2025 Incentive Scheme. At PLN 912,412, depreciation and amortisation was a considerable item of operating expenses in the first quarter of 2024 (down 18.63% year on year). The decrease in this amount was attributable to the completion of amortisation of expenditure on games from the proprietary and publishing division's portfolios, which were released several years or several quarters ago.

With revenue having remained largely flat year on year, coupled with a significant increase in operating expenses, 11 bit studios S.A. recorded an operating loss of PLN 1,030,942 in the first quarter of 2024, compared to an operating profit of PLN 1,884,615 the year before. Net finance loss of PLN 101,299, which was mainly attributable to further impairment of the Company's shareholding in Starward Industries S.A. and losses generated by the associate Fool's Theory, partly offset by solid interest income and foreign exchange gains, contributed to a pre-tax loss of PLN 1,132,242 for the three months to 31 March 2024 (vs. a pre-tax profit of PLN 2,855,447 a year earlier). At the bottom line, the Company reported a net loss of PLN 1,605,666, compared to a net profit of PLN 2,456,946 in the corresponding period of the previous year.

In the three months to 31 March 2024, 11 bit studios S.A. continued the development of *Frostpunk 2*, *The Alters* and *Project 8* (the latter is still referred to by its code name). As at the date of issue of this Directors' Report, the teams responsible for these games consisted of more than 80 (*Frostpunk 2*) and approximately 50 (*The Alters* and *Project 8*) members. The growing production resources translated into increased spending on game development, which reached as much as PLN 14,016,607 in the three months ended 31 March 2024 vs PLN 12,136,092 in the comparative period.

This amount also included expenditure on financing third-party development of games to be published by 11 bit studios S.A. As at the reporting date, the Company's publishing portfolio comprised three titles, i.e. *INDIKA*, which, as previously mentioned, premiered in May 2024, as well as *Creatures of Ava* and *Botin* (codename). The first of the latter two is being developed by the Spanish studios Inverge and Chibig and is set to debut later in 2024. The release of *Botin*, produced by Digital Sun, also a Spain-based developer, is slated for the following year. The launch of *Project 8* is also planned for 2025.

5.2. Non-recurring factors and events with a material bearing on these condensed interim financial statements

There were no non-recurring events during the reporting period that had a material bearing on these financial statements.

5.3. Shareholders holding, directly or indirectly through subsidiaries, 5% or more of total voting rights in the Company as at the issue date of these financial statements

Name	Number of shares	% of share	Number of votes	% of total voting rights
	capital held		at GM	
Allianz Polska TFI*	229,878	9.51	229,878	9.51
Grzegorz Miechowski	168,413	6.97	168,413	6.97
N-N PTE*	144,900	5.99	144,900	5.99
Esaliens TFI**	120,965	5.00	120,965	5.00
Przemysław Marszał	120,003	4.96	120,003	4.96
Michał Drozdowski	98,844	4.09	98,844	4.09
Paweł Feldman	9,336	0.39	9,336	0.39
Marek Ziemak	1,002	0.04	1,002	0.04
Other shareholders	1,523,858	63.05	1,523,858	63.05
Total	2,417,199	100.00	2,417,199	100.00

* Number of shares registered at the Annual General Meeting held on 31 May 2023.

** Number of shares registered at the Extraordinary General Meeting held on 9 February 2023.

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

In Current Report No. 4/2024 of 20 February 2024, 11 bit studios S.A. announced that on that day the Company received notifications under Article 19(1) of the Market Abuse Regulation from Przemysław Marszał, President of the Management Board, and Members of the Management Board Michał Drozdowski and Paweł Feldman, concerning disposals of 11 bit studios S.A. shares. Przemysław Marszał sold a total of 860 shares, Michał Drozdowski sold 1,200 shares, and Paweł Feldman sold 1,100 shares. The trades were executed during a trading session on 19 February 2024 at a price of PLN 600 per share.

Following the disposal, Przemysław Marszał's holding decreased to 120,003 shares, representing

4.96% of the share capital and conferring 4.96% of voting rights in the Company. A notification to that effect was received by 11 bit studios S.A. on 20 February 2024 and was announced in Current Report No. 5/2024 of 20 February 2024.

In Current Report No. 6/2024 of 22 February 2024, 11 bit studios S.A. announced that on that day the Company received a notification under Article 19(1) of the Market Abuse Regulation from Marcin Kuciapski, Member of the Supervisory Board, concerning his acquisition of 11 bit studios S.A. shares. On 12 April 2023, Marcin Kuciapski purchased a total of 250 shares in 11 bit studios S.A. in trades executed on the WSE, at an average price of PLN 569.60 per share.

5.4. Company shares or rights to Company shares held by management and supervisory personnel as at the date of issue of these financial statements

Position	Number of shares	Number of shares	Number of shares
	as at the issue date of the report	as at 31 Mar 2024 (no. of shares)	as at 31 Dec 2023 (no. of shares)
Przemysław Marszał President of the Management Board	120,003	120,003	120,863
Grzegorz Miechowski Member of the Management Board	168,413	168,413	168,413
Michał Drozdowski Member of the Management Board	98,844	98,844	100,044
Paweł Feldman Member of the Management Board	9,336	9,336	10,436
Marek Ziemak Member of the Management Board	1,002	1,002	1,002
Marcin Kuciapski the Supervisory Board	1,750	1,750	1,500

According to the submitted declarations, no members of the Company's Supervisory Board other than Marcin Kuciapski hold shares in 11 bit studios S.A.

In the reporting period, there were changes in the holdings of Company shares by the management and supervisory staff, as discussed in more detail in **Note 5.3** above.

5.5. Material court proceedings

The Company is neither the subject of nor a party to any material proceedings pending before a

court, a competent arbitration body or a state administration authority.

5.6. Loan guarantees or sureties issued by the Company or its subsidiary, and other material off-balance sheet items

No loan guarantees or sureties were provided by the Company in the three months to 31 March 2024.

On 5 June 2023, 11 bit studios S.A. signed a surety agreement with Powszechna Kasa Oszczędności Bank Polski S.A., under which it issued a surety to secure a PLN 3,500,000 one-year multi-purpose credit facility agreement concluded by PKO BP S.A.

with Fool's Theory Sp. z o.o. on 5 June 2023. The surety for up to PLN 5,250,000 is valid until the date of the facility repayment by Fool's Theory Sp. z o.o. It was granted on arm's length terms.

For information on material off-balance sheet items related to 11 bit studios S.A.'s publishing activities, see **Note 4.2**.

5.7. Factors which will affect the Company's performance in the next quarter and beyond

11 bit studios S.A.'s performance throughout the remainder of 2024 will largely be driven by the upcoming releases of two proprietary games, i.e. *Frostpunk 2* and *The Alters*, with support from the sales of *The Invincible*, *The Thaumaturge*, and *INDIKA*, our publishing division's most recent titles. Later in 2024, our publishing portfolio will further be bolstered by the addition of *Creatures of Ava*. The Company will also continue to monetise its existing successful productions, led by *Frostpunk*.

11 bit studios S.A. is making extensive preparations for the upcoming releases of its proprietary games by ramping up marketing and promotional budgets. Both *Frostpunk 2*, set to premiere on 25 July this year (on PCs and Mac), and *The Alters*, slated for a third-quarter 2024 launch (on PC as well as Xbox Series X/S and PS5), have garnered significant interest from fans, as evidenced by their high rankings on the Steam wishlist, with *Frostpunk 2* currently ranked 3rd and *The Alters* 70th. A major highlight of our promotional efforts was a showcase event in Warsaw on 16–17 May 2024, which was attended by close to 100 influencers and key gaming media representatives from across the world, including several Polish outlets. The guests were given an exclusive look at *Frostpunk 2* and *The Alters*, with hands-on gameplay sessions for both titles. The overwhelmingly positive feedback from this event suggests a strong sales outlook for both games. For the coming weeks, the Company has

planned an array of marketing activities to further enhance the visibility and commercial potential of these titles. What is also important, both *Frostpunk 2* and *The Alters* will be available on Microsoft's Game Pass right from their respective launch dates, which will broaden their reach.

The third major proprietary project in our pipeline, *Project 8* (codename), is slated for release by the end of 2025. The development team for this title currently numbers around 50 and will be expanded over the coming quarters. Meanwhile, the *Frostpunk 2* and *The Alters* teams, comprising over 80 and approximately 50 members respectively, are fully staffed, and their headcount will no longer be increased. The combined production budget for these three proprietary games exceeds PLN 150 million. To compare, the production budget of *Frostpunk* (PC version) was below PLN 10 million.

The ongoing development of three major proprietary titles aligns with the Company's medium-term strategy of concurrently sustaining three development teams, each 60–80 strong. Given that each game takes approximately three to five years to produce, this employment structure will enable 11 bit studios S.A. to release one proprietary title a year.

Our publishing division will also play a key contributing role to the Company's performance

over the coming quarters and years. Following its recent significant reinforcement, the publishing team is actively pursuing new titles to add to its portfolio. 11 bit studios S.A.'s publishing slate currently includes two projects. The first is *Creatures of Ava* (previously codenamed *Ava*), produced by the Spanish studios Inverge and Chibig. The title is scheduled for release later in 2024 and will be available on Microsoft Game Pass from launch. An action-adventure game, *Creatures of Ava* will take players on a quest to tame various creatures to save the planet Ava from a devastating infection causing an outbreak of violent frenzy among its once peaceful inhabitants. The game features Vic, a 22-year-old adventurer, and researcher Tabitha, in a captivating expedition. The storyline has been co-authored by renowned writer Rhianna Pratchett. The second title, codenamed *Botin*, is being developed by Digital Sun, the Spanish studio behind *Moonlighter*. As at the reporting, the Company's total liabilities under publishing agreements stood at: EUR 2,378,176, USD 551,255 and PLN 772,380.

11 bit studios S.A.'s aims to further expand its publishing portfolio to implement its medium-term (a few years') strategy of releasing three to four third-party developed games each year. To achieve this goal, the Company plans to sign at least several new publishing agreements over the coming quarters, where its total capital exposure may potentially reach dozens of million of zloty.

In the near term, until the releases of *Frostpunk 2* and *The Alters*, 11 bit studios S.A.'s results will to a large extent be determined by its ability to monetise its existing portfolio, including the proprietary titles

Frostpunk 2 and *This War of Mine* and the published third-party developed games *Moonlighter* and *Children of Morta*. These production, while successful, have been available on the market for several years, and so their revenue streams are gradually diminishing despite ongoing limited marketing efforts. However, the Company is exploring opportunities to exploit its existing IP in other, not only digital formats. For example, 2023 saw the premiere of the board game version of *Frostpunk*, developed by Glass Cannon Unplugged. Over the next few quarters, fans can look forward to its mobile version, which is being developed by China's NetEase. In addition, a series of novels and short stories set in the *Frostpunk* universe is in the works. The project is supervised by Jacek Dukaj, a science fiction writer, one of the most popular in Poland and well known worldwide.

The Company's revenue will also continue to be driven, particularly throughout the first half of 2024, by the ongoing sales of the recently published games from third-party developers, which accounted for as much as 48% of 11 bit studios S.A.'s total sales in the reporting period. The first of these is Starward Industries S.A.'s *The Invincible*, which debuted on 6 November 2023 on PC, Xbox X/S, and PS5. *The Thaumaturge*, produced by Fool's Theory Sp. z o.o., launched on PC during the reporting period, on 4 March 2024. The console versions are currently being developed, but their release dates have not been announced yet. Finally, *INDIKA*, produced by Kazakhstan-based Odd Meter, was released on PC on 2 May 2024, with console versions following on 17 May.

These interim condensed financial statements were authorised for issue by the Management Board on 23 May 2024.


Signed by:



Przemysław Marszał
President of
the Management Board



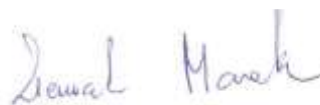
Grzegorz Miechowski
Member of
the Management Board



Michał Drozdowski
Member of
the Management Board



Paweł Feldman
Member of
the Management Board



Marek Ziemak
Member of
the Management Board

Warsaw, 23 May 2024



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