

Warsaw, 14 November 2024

QUARTERLY REPORT

OF 11 BIT STUDIOS S.A.

FOR NINE
MONTHS
ENDED
30 SEPTEMBER
2024



MAKE
YOUR
MARK **11bit**
STUDIOS

LETTER FROM THE MANAGEMENT BOARD

Warsaw, 14 November 2024

DEAR SHAREHOLDERS AND INVESTORS,

It is with great pleasure that we present the quarterly report of 11 bit studios S.A. for the nine months ended 30 September 2024. This has been an exceptional period for the Company, marked by record-breaking revenue, operating profit, and net profit, all of which have surpassed the corresponding full-year figures from our best year to date, 2020.

Over the first nine months of this year, our revenue exceeded PLN 106.6 million, up 211.1% compared to the same period in 2023. The third quarter alone contributed nearly PLN 76 million, an increase of almost seven times over last year. By keeping operating costs under strict control, we achieved an operating profit of over PLN 53 million and a net profit of nearly PLN 47.53 million, an extraordinary year-on-year growth of 3,420.1%.

The key factor driving 11 bit studios' performance figures for the nine months ended 30 September 2024 was the launch of *Frostpunk 2* for PC on 20 September. By the end of the reporting period, we had sold 441,000 copies (net of returns), with an impressive 53.7% of buyers choosing the Deluxe edition. Revenues from this version will continue to be recognised over time as we release the additional paid DLCs included in the package. By the time of issue of these financial statements, total sales had grown to 511,000 copies, with the Deluxe version accounting for 48.7% of sales. Notably, nearly 25% of *Frostpunk 2* buyers as at 30 September were from China (now at 24.2%), followed by the US at 18.2% (now 18.5%) and Germany at 7.1% (now 7.2%). Sales in Poland as at 30 September and to date have accounted for 2.9% of the total. With the strong pre-order performance and solid sales of *Frostpunk 2* in the lead-up to and aftermath of the release (despite mixed reviews from players), revenue generated by the game, plus a portion of payments from Microsoft for its inclusion in Game Pass, reached nearly PLN 52.33 million. This represented 49.1% of our total revenue in the nine months to 30 September 2024. Additionally, we saw strong performance from the first product in the *Frostpunk* series, including paid DLCs and related merchandise

such as the board game and soundtracks. Our publishing segment also made a strong contribution, with recent quarters' additions to its portfolio including *The Invincible*, *The Thaumaturge*, *INDIKA* and *Creatures of Ava*. Sales from the publishing segment accounted for 26% (PLN 27.62 million) of total revenue for the reporting period.

Looking ahead, our primary focus is on enhancing the gameplay experience in *Frostpunk 2* to better meet the expectations of the dedicated fanbase of the *Frostpunk* universe and new players. We believe that our commitment to addressing community feedback through updates, major expansions, and additional paid content, supported by marketing campaigns, will translate into a long lifecycle for the game and maximise its monetisation, as was the case with its predecessor in the series. The insights gained from the *Frostpunk 2* launch will also guide us as we prepare for the release of *The Alters* in the first quarter of 2025. This project is of great importance to us, as its premiere is expected to be a major driver of our financial results over future periods and, as we strongly believe, will validate our current growth strategy.

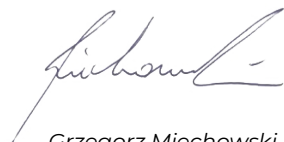
At the same time, we are mindful of the rapidly changing dynamics of the gaming industry. The release of *Frostpunk 2* and recent titles from our publishing portfolio, some of which fell short of expectations, have highlighted the need for a thoughtful reassessment of our direction in the years ahead. This will include revisiting our strategy for the publishing segment. We will share our future plans at an Investor Conference we intend to hold following the launch of *The Alters*, and warmly invite you to join us for this important event.

Thank you once again for the trust you place in our Company, and we encourage you to explore the report.

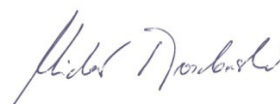
Signed by:



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– 30 Sep 2024	1 Jan– 30 Sep 2023	1 Jan– 30 Sep 2024	1 Jan– 30 Sep 2023
Revenue	106,658,014	34,280,259	24,791,505	7,489,188
Depreciation and amortisation	(4,956,455)	(3,333,042)	(1,152,075)	(728,168)
Operating profit	53,080,009	(1,673,098)	12,337,876	(365,521)
EBITDA	58,036,465	1,659,944	13,489,950	362,647
Profit/(loss) before tax	53,719,743	1,660,363	12,486,575	362,738
Net profit/(loss)	47,547,111	1,350,738	11,051,813	295,095
Net cash from operating activities	27,325,426	23,948,128	6,351,500	5,231,933
Net cash from investing activities	(26,981,720)	(13,866,265)	(6,271,610)	(3,029,355)
Net cash from financing activities	(1,384,808)	2,461,936	(321,884)	537,858
Total net cash flows	(1,041,102)	12,543,799	(241,993)	2,740,436

	PLN		EUR	
	30 Sep 2024	31 Dec 2023	30 Sep 2024	31 Dec 2023
Total assets	319,560,675	258,328,148	74,679,413	59,413,098
Non-current assets	232,515,745	191,392,967	54,337,535	44,018,622
Current assets	87,044,930	66,935,181	20,341,878	15,394,476
Equity	277,496,494	227,065,033	64,849,266	52,222,869
Non-current liabilities	10,594,416	6,558,820	2,475,852	1,508,468
Current liabilities	31,469,764	24,704,295	7,354,295	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 4.3022 from 1 January to 30 September 2024, and EUR 1 = PLN 4.5773 from 1 January to 30 September 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 4.2791 as at 30 September 2024, and EUR 1 = PLN 4.3480 as at 31 December 2023.

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QUARTERLY REPORT

OF 11 BIT STUDIOS S.A.

FOR NINE MONTHS ENDED
30 SEPTEMBER 2024

PREPARED IN ACCORDANCE WITH INTERNATIONAL

FINANCIAL REPORTING STANDARDS AS ENDORSED BY THE EUROPEAN UNION

STATEMENT OF COMPREHENSIVE INCOME

	Note	9 months ended 30 Sep 2024 <i>(unaudited)</i>	9 months ended 30 Sep 2023 <i>(unaudited)</i>	3 months ended 30 Sep 2024 <i>(unaudited)</i>	3 months ended 30 Sep 2023 <i>(unaudited)</i>
Revenue	1.1.	106,658,014	34,280,259	75,897,446	9,504,805
Other income	1.3.	5,808	64,864	1,209	33,392
Total operating income		106,663,821	34,345,123	75,898,655	9,538,197
Depreciation and amortisation	1.2.	(4,956,455)	(3,333,042)	(2,038,707)	(1,020,947)
Raw materials and consumables used		(758,045)	(608,323)	(248,803)	(218,219)
Services	1.2.	(28,565,995)	(20,038,142)	(11,303,253)	(6,415,578)
Salaries, wages and employee benefits	1.2.	(15,451,599)	(9,588,136)	(2,135,459)	(3,112,942)
Taxes and charges		(1,336,973)	(320,436)	(502,670)	(204,116)
Other expenses	1.3.	(2,514,745)	(2,130,142)	(905,979)	(868,361)
Total operating expenses		(53,583,812)	(36,018,221)	(17,466,505)	(11,840,163)
Operating profit		53,080,009	(1,673,098)	58,432,150	(2,301,966)
Finance income	1.4.	815,478	4,304,299	(607,962)	(2,280,754)
Finance costs	1.4.	(2,781,184)	(932,271)	(2,165,759)	1,596,589
Share in profit/(loss) of associate		2,605,440	(38,567)	(2,066,755)	(117,584)
Profit before tax		53,719,743	1,660,363	53,591,674	(3,103,715)
Income tax expense	1.5.	(6,172,632)	(309,625)	(5,566,758)	441,248
NET PROFIT	1.6.	47,547,111	1,350,738	48,024,916	(2,662,467)
					-
Earnings per share:					-
Basic	1.6.	19.67	0.37	19.87	(1.30)
Diluted	1.6.	19.67	0.37	19.87	(1.29)
NET PROFIT	1.6.	47,547,111	1,350,738	47,587,576	(2,662,467)
Other comprehensive income			-		-
TOTAL COMPREHENSIVE INCOME		47,547,111	1,350,738	47,587,576	(2,662,467)

STATEMENT OF FINANCIAL POSITION

	Note	30 Sep 2024 (unaudited)	31 Dec 2023 (audited)
ASSETS			
Non-current assets		232,515,745	191,392,967
Property, plant and equipment	2.1.	22,822,928	24,202,561
Perpetual usufruct of land	2.2.	4,126,586	4,168,798
Intangible assets	2.3.	196,570,048	155,367,739
Deferred tax asset	2.4.	2,779,381	2,039,472
Investments in associates	2.5.	4,766,279	3,626,510
Other assets	2.7.	73,011	84,685
Long-term investments	2.6.	1,212,249	1,652,536
Financial instruments (IRS)	3.1.	165,263	250,666
Current assets		87,044,930	66,935,181
Trade and other receivables	2.8.	49,854,097	10,741,528
Income tax receivable	1.5.	-	804,451
Merchandise		53,011	1,510
Other current assets	2.7.	1,093,398	939,838
Financial instruments (IRS)		50,850	61,388
Current financial assets	2.9.	90,350	16,830,492
Cash and cash equivalents	2.10.	35,903,223	37,555,974
TOTAL ASSETS		319,560,675	258,328,148

	Note	30 Sep 2024 (unaudited)	31 Dec 2023 (audited)
EQUITY AND LIABILITIES			
Equity		277,496,494	227,065,033
Share capital	2.11.	241,720	241,720
Share premium	2.11.	18,232,710	18,232,710
Statutory reserve funds		178,071,407	172,043,090
Share-based payment reserve		33,403,546	36,229,989
Retained earnings		47,547,111	317,524
Non-current liabilities		10,594,416	6,558,820
Borrowings	2.13.	4,095,000	5,145,000
Employee benefit and other provisions	2.14.	30,471	29,148
Lease liabilities	2.15.	747,484	748,962
Deferred tax liability		5,085,751	-
Deferred income	2.16.	635,710	635,710
Current liabilities		31,469,764	24,704,295
Trade and other payables	2.17.	5,314,444	2,918,000
Royalties payable		6,479,134	3,227,816
Borrowings	2.13.	1,260,000	1,260,000
Employee benefit and other provisions	2.14.	7,238,811	2,462,361
Lease liabilities	2.15.	15,253	15,254
Liabilities arising from acquisition of shares in associate		-	1,465,671
Contract liabilities	2.19.	11,162,123	13,355,194
Total liabilities		42,064,180	31,263,115
TOTAL EQUITY AND LIABILITIES		319,560,675	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 for the financial year	-	-	-	-	47,547,111	47,547,111
Total comprehensive income	-	-	-	-	47,864,635	274,612,144
Decrease in statutory reserve funds – correction for prior years	-	-	(208,085)	-	208,085	-
Transfer from share-based payment reserve	-	-	5,710,793	(5,710,793)	-	-
Allocation of profit to statutory reserve funds	-	-	525,609	-	(525,609)	-
Recognition of costs of the 2021–2025 Incentive Scheme	-	-	-	2,884,350	-	2,884,350
As at 30 Sep 2024 (unaudited)	241,720	18,232,710	178,071,407	33,403,546	47,547,111	277,496,494

	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 for the financial year	-	-	-	-	1,350,738	1,350,738
Total comprehensive income	-	-	-	-	1,350,738	1,350,738
Allocation of profit to statutory reserve funds	-	-	22,889,816	-	(22,889,816)	-
Recognition of Series G share-based payments*	3,706	3,809,938	-	-	-	3,813,644
Recognition of costs of the 2021–2025 Incentive Scheme	-	-	-	2,013,368	-	2,013,368
As at 30 Sep 2023 (unaudited)	241,720	18,232,710	172,043,090	40,061,257	1,142,652	231,721,429

* Net of the cost of issue of Series G shares of PLN 17,102.

STATEMENT OF CASH FLOWS

	Note	1 Jan– 30 Sep 2024 (unaudited)	1 Jan– 30 Sep 2023 (unaudited)
Cash flows from operating activities			
Profit for the financial year	1.6.	47,547,111	1,350,738
Adjustments:			
Depreciation and amortisation	1.2.	4,956,455	3,333,042
Income tax expense recognised in profit or loss	1.5.	6,172,632	309,625
Remeasurement of intangible assets		-	62,133
Costs of the 2021–2025 Incentive Scheme	3.2.	2,884,350	2,013,368
(Gain)/loss on change in fair value of financial assets at fair value through profit or loss		536,227	(1,603,740)
Share of (profit)/loss of associate		(2,605,440)	38,567
Net interest income		(780,748)	(1,804,364)
Foreign exchange losses on cash		611,649	-
Other adjustments		1,922,716	(146,644)
Changes in working capital:			
Change in trade and other receivables		(39,112,570)	3,816,726
Change in withholding tax receivables		(2,503,991)	-
Change in inventories		(51,500)	-
Change in other assets		(141,886)	468,529
Change in trade and other payables		5,646,283	507,464
Change in contract liabilities		(2,193,071)	12,671,418
Change in provisions		4,777,773	728,840
Cash provided by operating activities		27,665,991	21,745,702
Income tax paid		(340,566)	2,202,426
Net cash from operating activities		27,325,425	23,948,128
Cash flows from investing activities			
Loans to employees		983,076	592,481
Proceeds from interest on bank deposits with maturities of more than 3 months		772,124	-
Proceeds on maturity of bank deposits with maturities of more than 3 months		16,000,000	30,075,175
Purchase of financial assets		-	(7,751,897)
New bank deposits placed with maturities of more than 3 months		-	(43,000,000)
Proceeds from redemption of financial assets		-	49,000,000
Payment for acquisition of long-term financial assets (shares in Starward Industries S.A.)		-	(214)
Payments for property, plant and equipment and intangible assets		(44,736,919)	(42,781,810)
Net cash from investing activities		(26,981,720)	(13,866,265)
Cash flows from financing activities			
Proceeds from issue of shares		-	3,830,746
Proceeds/(repayments) under credit facility		(1,050,000)	(945,000)
Payment of interest on credit facility		(334,808)	(423,810)
Net cash from financing activities		(1,384,808)	2,461,936
Net increase/(decrease) in cash		(1,041,103)	12,543,799
Effect of exchange rate fluctuations on cash held		(611,649)	-
Cash at beginning of reporting period		37,555,974	30,585,991
CASH AT END OF REPORTING PERIOD		35,903,222	43,129,790



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 computer games.

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

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 present the financial position of 11 bit studios S.A. as at 30 September 2024 and 31 December 2023, and results of its operations and cash flows for the nine months ended 30 September 2024 and 30 September 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 that 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

These condensed interim financial statements of the Company have been prepared in accordance with the accounting policies

presented in the Company's most recent full-year financial statements for the year ended 31 December 2023.

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 disclosed 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.



NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

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2.2.	PERPETUAL USUFRUCT OF LAND.....	BŁĄD! NIE ZDEFINIOWANO ZAKŁADKI.
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2.11.	SHARE CAPITAL.....	BŁĄD! NIE ZDEFINIOWANO ZAKŁADKI.
2.12.	DIVIDENDS PAID.....	BŁĄD! NIE ZDEFINIOWANO ZAKŁADKI.
2.13.	CREDIT FACILITY.....	BŁĄD! NIE ZDEFINIOWANO ZAKŁADKI.
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2.19.	CONTRACT LIABILITIES.....	BŁĄD! NIE ZDEFINIOWANO ZAKŁADKI.

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1.

NOTES TO THE STATEMENT OF COMPREHENSIVE INCOME

1.1. Revenue

	1 Jan– 30 Sep 2024 <i>(unaudited)</i>	1 Jan– 30 Sep 2023 <i>(unaudited)</i>
Revenue	106,658,014	34,280,259
Total revenue	106,658,014	34,280,259

In the reporting period, the Company generated revenue of PLN 106,658,014, up 211.14% relative to the corresponding period of the previous year, when it amounted to PLN 34,280,259. As in the previous periods, the main source of revenue in the nine

months ended 30 September 2024 was sales of proprietary games and third-party developed games released by the Company as part of its publishing services.

Revenue by geographical region

The Company operates in seven main geographical areas: Poland, its home market, the European Union, the UK, the US, Japan, Hong Kong 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– 30 Sep 2024 <i>(unaudited)</i>	1 Jan– 30 Sep 2023 <i>(unaudited)</i>
Poland	2,099,372	2,240,958
European Union	992,948	688,338
United Kingdom	9,762,848	1,744,585
US	89,179,716	24,908,031
Japan	2,014,333	3,660,775
Hong Kong	2,269,135	675,412
Other	339,662	362,160
Total	106,658,014	34,280,259

Revenue by category – product IP

The table below presents the Company's revenue by product IP, including proprietary and publishing

division's games as well as directly related products, such as soundtracks and board games.

	1 Jan– 30 Sep 2024 <i>(unaudited)</i>	1 Jan– 30 Sep 2023 <i>(unaudited)</i>
<i>Frostpunk 2</i>	52,329,004	-
<i>Frostpunk</i>	22,210,806	16,590,138
<i>The Thaumaturge</i>	6,791,077	-
<i>Creatures of Ava</i>	6,006,474	-
INDIKA	4,875,552	-
Other	14,445,101	17,690,121
Total	106,658,014	34,280,259

Revenue by distribution channel

Of the total revenue amount, PLN 105,697,228 (PLN 33,930,333 in the nine months ended 30 September 2023) was revenue from sales of games and products directly related to games (such as soundtracks). In the nine months to 30 September 2024, the Company's ten largest

distribution partners, including Valve (Steam), Microsoft, Sony, Genba and HeyBox, accounted for 95.91% of total revenue from sales of games, with revenue from Valve representing more than 60% of total revenue.

1.2. Operating expenses

	1 Jan– 30 Sep 2024 (unaudited)	1 Jan– 30 Sep 2023 (unaudited)
Depreciation and amortisation	4,956,455	3,333,042
Raw materials and consumables used	758,045	608,323
Services	28,565,995	20,038,142
Salaries, wages and employee benefits	15,451,599	9,588,136
Taxes and charges	1,336,973	320,436
Total operating expenses	51,069,068	33,888,079

Depreciation and amortisation

	1 Jan– 30 Sep 2024 (unaudited)	1 Jan– 30 Sep 2023 (unaudited)
Depreciation and amortisation charges made during the year:		
Depreciation of property, plant and equipment	1,842,087	2,184,521
Amortisation of intangible assets	4,037,684	2,404,534
Total	5,879,771	4,589,056
Allocation to project costs	(965,527)	(1,298,225)
Land (including perpetual usufruct of land)	42,212	42,212
Total	4,956,455	3,333,042

The year-on-year growth of 48.71% in the depreciation and amortisation expense in the nine months to 30 September 2024, to PLN 4,956,455, was mainly attributable to the 67.92% higher amortisation (PLN 4,037,684 vs PLN 2,404,534 the year before) of intangible assets, i.e., expenditure on proprietary games and games from the publishing portfolio, following the start of amortisation of the publishing division's products released in recent quarters, mainly *The Thaumaturge* and *Creatures of Ava*

Services

The year-on-year increase of 42.56% in the cost of services in the nine months ended 30 September 2024, to PLN 28,565,995, was driven mainly by higher marketing expenses (PLN 5,194,774 vs PLN 3,372,404 the year before) in the run-up to the release of new games from the proprietary and publishing portfolios. As in prior periods, the largest item of services was royalties payable to third-party developers based on revenue from sales of their

Frostpunk 2, launched on 23 September 2024, will begin to be amortised starting from the first day of the month immediately following its release, i.e. as of 1 October 2024. On the other hand, depreciation of property, plant and equipment fell by 15.67% year on year, to PLN 1,842,087, as a result of lower expenditure on IT equipment. A major portion of the expenses (PLN 965,527 in the nine months to 30 September 2024 vs PLN 1,298,225 the year before) was allocated to project costs.

productions. The total amount of royalties payable to third-party studios in the reporting period was PLN 11,766,222, compared with PLN 7,231,401 the year before.

Other material items of the cost of services in the nine months ended 30 September 2024 included management, IT, legal, and advisory services as well as expenditure on training and conferences.

The Company's total expenditure on intangible assets (production of games) which was capitalised in the nine months ended 30 September 2024

rather than recognised under services was PLN 14,600,334 (nine months ended 30 September 2023: PLN 12,797,550).

Salaries, wages and employee benefits

The significant 61.15% increase in salaries and wages (to PLN 15,451,599, from PLN 9,588,136 in the reference period) was mainly attributable to a larger amount of provisions recognised by the Company for annual bonuses for employees, independent contractors and the Management Board, which are linked to the Company's net profit. As at the end of September 2024, the total balance of these provisions was PLN 5,966,727 (see Note 2.14), compared with PLN 5,999,152 as at the end of June 2024 and PLN 703,840 as at the end of September 2023. It is worth noting that salaries and wages include a non-cash provision for the Company's 2021–2025 Incentive Scheme. As at the reporting date, given the decreasing likelihood of meeting the Scheme's targets (due to

delays in new game releases, including *The Alters*), the Company reduced the provision for the Scheme costs relative to 30 June 2024. As at 30 September 2024, the provision stood at PLN 2,882,089, down from PLN 3,872,356 as at the end of June 2024. In the reference period, the amount of provisions recognised for the Scheme was PLN 2,013,368 (as at 30 September 2023).

The Company's expenditure on intangible assets (production of games) which was capitalised in the nine months to 30 September 2024 rather than recognised under salaries and wages amounted to PLN 15,346,926 (nine months to 30 September 2023: PLN 12,593,683).

1.3. Other income and expenses

Other income

	1 Jan– 30 Sep 2024 <i>(unaudited)</i>	1 Jan– 30 Sep 2023 <i>(unaudited)</i>
Compensation received	1,799	32,292
Expected credit loss	-	28,841
Other	4,009	3,731
Total other income	5,808	64,864

Other expenses

	1 Jan– 30 Sep 2024 <i>(unaudited)</i>	1 Jan– 30 Sep 2023 <i>(unaudited)</i>
Expected credit loss allowances	26,107	-
Donations	1,012,935	290,911
Non-recoverable tax	-	396,076
Other, including:	1,475,702	1,443,155
- cost of business trips	415,727	779,194
- advertising costs	911,743	503,764
- insurance costs	104,706	89,546
- trademark	42,416	65,298
- other	1,111	5,353
Total other expenses	2,514,745	2,130,142

1.4. Finance income and costs

Finance income

	1 Jan– 30 Sep 2024 <i>(unaudited)</i>	1 Jan– 30 Sep 2023 <i>(unaudited)</i>
Interest on bank deposits	631,524	1,359,887
Interest on loans advanced	7,405	37,170
IRS for credit facility	165,359	237,653
Interest income on bonds	-	861,795
Interest on public charges	4,611	-
Measurement of IRS	-	-
Measurement of financial instruments (Starward Industries S.A.)	-	1,167,864
Allowances for expected credit losses on financial instruments	6,579	6,646
Exchange differences	-	607,033
Other	-	26,251
Total finance income	815,478	4,304,299

Finance costs

	1 Jan– 30 Sep 2024 <i>(unaudited)</i>	1 Jan– 30 Sep 2023 <i>(unaudited)</i>
Interest on public charges	-	51,853
Other interest	148	58
Interest on credit facilities	334,808	423,810
Measurement of financial instruments (Starward Industries S.A.)	440,287	-
Interest on leases	20,626	20,675
Measurement of IRS	95,940	435,875
Exchange differences	1,889,374	-
Total finance costs	2,781,184	932,271

1.5. Income tax on continuing operations

Income tax recognised in profit or loss

	1 Jan– 30 Sep 2024 <i>(unaudited)</i>	1 Jan– 30 Sep 2023 <i>(unaudited)</i>
Current income tax:		
Attributable to current year	6,912,541	3,527,068
Deferred income tax:		
Attributable to current year	(739,909)	(163,921)
Tax effect recognised in current year	6,172,632	3,363,147

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– 30 Sep 2024 <i>(unaudited)</i>	1 Jan– 30 Sep 2023 <i>(unaudited)</i>
Profit before tax	53,719,743	1,660,363
Income tax expense at 19% (2023: 19%)	10,206,751	315,469
Tax effect of income which is not classified as income for tax purposes	(16,932)	-
Tax effect of costs which are not deductible for tax purposes	1,011,218	607,162
Effect of IP Box tax relief settlement at 5% tax rate	(5,777,783)	(678,967)
Other changes – effect of IP Box on deferred tax	884,400	65,961
Total	6,172,632	309,625

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 11.49% in the nine months ended 30 September 2024, compared with 18.65% the year before.

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

nine months ended 30 September 2024, the IP Box relief amounted to PLN 5,777,783, compared with PLN 678,967 in the corresponding period of 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

	30 Sep 2024 <i>(unaudited)</i>	31 Dec 2023 <i>(audited)</i>
VAT refund receivable	1,431,417	1,866,281
CIT refund receivable	-	804,451
Current tax receivable and payable	1,431,417	2,670,732

Tax receivables in the reporting period included the IP Box tax relief described in **Note 1.5** above, the tax remaining to be deducted upon receipt of returns

from trading partners, and non-recovered withholding tax.

1.6. Earnings per share

Basic earnings per share

	1 Jan– 30 Sep 2024 (unaudited)	1 Jan– 30 Sep 2023 (unaudited)
Basic earnings per share:		
From continuing operations	19.67	0.37
Total basic earnings per share	19.67	0.37
Diluted earnings per share:		
From continuing operations	19.67	0.37
Total diluted earnings per share	19.67	0.37

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

	1 Jan– 30 Sep 2024 (unaudited)	1 Jan– 30 Sep 2023 (unaudited)
Profit for the financial year attributable to shareholders	47,547,111	1,350,738
Total profit used to calculate basic earnings per share	47,547,111	1,350,738
Profit used to calculate basic earnings per share from continuing operations	47,547,111	1,350,738

	30 Sep 2024 (unaudited)	30 Sep 2023 (unaudited)
Weighted average number of ordinary shares used to calculate earnings per share	2,417,199	2,412,308

Diluted earnings per share

	1 Jan– 30 Sep 2024 (unaudited)	1 Jan– 30 Sep 2023 (unaudited)
Profit for the financial year attributable to shareholders	47,547,111	1,350,738
Total profit used to calculate diluted earnings per share	47,547,111	1,350,738
Profit used to calculate diluted earnings per share from continuing operations	47,547,111	1,350,738

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

per
in the following manner:

share

	30 Sep 2024 (unaudited)	30 Sep 2023 (unaudited)
Weighted average number of ordinary shares used to calculate basic earnings per share	2,417,199	2,412,308
Shares expected to be issued:		
Employee stock options	0	-
Weighted average number of ordinary shares used to calculate diluted earnings per share	2,417,199	2,423,947

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

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



2.

NOTES TO THE STATEMENT OF FINANCIAL POSITION

2.1. Property, plant and equipment

	Buildings and premises	Property, plant and equipment under construction	Plant and equipment	Vehicles	Other property, plant and equipment	Total
Gross carrying amount as at 1 Jan 2024	24,499,942	56,466	6,005,121	1,002,778	3,617,187	35,181,493
Increase	-	148,548	285,080	-	28,825	462,453
Decrease	-	-	-	-	-	-
Reclassification	-	(108,118)	105,118	-	-	-
Gross carrying amount as at 30 Sep 2024	24,499,942	96,895	6,398,319	1,002,778	3,646,012	35,643,946
Cumulative depreciation as at 1 Jan 2024	2,840,932	-	4,916,788	509,352	2,711,860	10,978,931
Depreciation	575,193	-	682,571	94,489	489,834	1,842,087
Decrease	-	-	-	-	-	-
Cumulative depreciation as at 30 Sep 2024	3,416,124	-	5,599,359	603,841	3,201,694	12,821,018
Net carrying amount as at 1 Jan 2024	21,659,010	56,466	1,088,333	493,425	905,327	24,202,561
Net carrying amount as at 30 Sep 2024	21,083,818	96,895	798,960	398,937	444,317	22,822,928

	Buildings and premises	Property, plant and equipment under construction	Plant and equipment	Vehicles	Other property, plant and equipment	Total
Gross carrying amount as at 1 Jan 2023	24,394,906	130,950	4,333,078	688,042	3,508,540	33,055,516
Increase	59,525	1,343,024	528,206	-	107,590	2,038,345
Decrease	-	-	(32,131)	-	-	(32,131)
Reclassification	-	(1,365,495)	1,050,760	314,735	-	-
Gross carrying amount as at 30 Sep 2023	24,454,431	108,479	5,879,913	1,002,777	3,616,130	35,061,730
Cumulative depreciation as at 1 Jan 2023	2,076,426	-	3,642,937	388,613	2,052,818	8,160,794
Depreciation	573,111	-	1,026,658	89,243	495,509	2,184,521
Decrease	-	-	(32,131)	-	-	(32,131)
Cumulative depreciation as at 30 Sep 2023	2,649,537	-	4,637,464	477,856	2,548,326	10,313,184
Net carrying amount as at 1 Jan 2023	22,318,480	130,950	690,141	299,429	1,455,722	24,894,722
Net carrying amount as at 30 Sep 2023	21,804,894	108,479	1,242,449	524,921	1,067,803	24,748,546

QUARTERLY REPORT OF 11 BIT STUDIOS FOR NINE MONTHS ENDED 30 SEPTEMBER 2024

(all amounts in PLN unless stated otherwise)

The accompanying information forms an integral part of these financial statements.

2.2. 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 right is depreciated over the term of the perpetual usufruct agreement, i.e., until 27 October 2099.

The lease payments are discounted at the lessee's incremental borrowing rate. The incremental borrowing rate was estimated by the Company as the interest rate at the inception of the lease at which the lessee (the Company) would have to borrow funds necessary to purchase a given asset for a similar term and with a similar security. The incremental borrowing rate used to measure the lease liability is 3.4%.

	30 Sep 2024	31 Dec 2023
Perpetual usufruct of land – opening balance	4,168,798	4,225,080
Increase	-	-
Decrease	-	-
Depreciation	(42,212)	(56,282)
Perpetual usufruct of land – closing balance	4,126,586	4,168,798

2.3. Intangible assets

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

Completed development work:

As at 30 September 2024, completed computer games development work (PLN 97,979,685) comprised games released in prior periods as well as

in the reporting period, including: *South of The Circle*, *The Invincible*, *The Thaumaturge*, *INDIKA*, *Creatures of Ava* and *Frostpunk 2*.

Ongoing development work:

As at 30 September 2024, expenditure on ongoing development work (PLN 98,548,433) included mainly expenditure on the development of games, in particular *The Alters* and *Project 8*, and third-party

games in the publishing division. Expenditure on the largest of the projects accounted for 50% 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 11.2%.

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.'s 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 30 June 2024 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 carrying amount as at 1 Jan 2024	6,813,631	45,032,214	1,388,211	149,621,045	202,855,101
Increase	-	-	-	45,337,238	45,337,238
Reclassification of completed development work	-	96,312,605	-	(96,312,605)	-
Decrease	-	-	-	-	-
Revaluation	-	-	-	(97,245)	(97,245)
Gross carrying amount as at 30 Sep 2024	6,813,631	141,344,820	1,388,211	98,548,433	248,095,096
Cumulative amortisation as at 1 Jan 2024	6,813,631	39,589,739	1,083,992	-	47,487,362
Amortisation	-	3,960,025	77,661	-	4,037,686
Decrease	-	-	-	-	-
Cumulative amortisation as at 30 Sep 2024	6,813,631	43,549,764	1,161,653	-	51,525,047
Net carrying amount as at 1 Jan 2024	0	5,442,475	304,218	149,621,045	155,367,739
Net carrying amount as at 30 Sep 2024	0	97,795,056	226,559	98,548,433	196,570,048

	Completed development work (game engine)	Completed development work (games)	Licences	Ongoing development work	Total
Gross carrying amount as at 1 Jan 2023	6,813,631	40,207,994	1,378,211	96,206,815	144,606,651
Increase	-	-	10,000	41,993,820	42,003,820
Reclassification of completed development work	-	-	-	-	-
Decrease	-	-	-	(4,341)	(4,341)
Gross carrying amount as at 30 Sep 2023	6,813,631	40,207,994	1,388,211	138,196,294	186,606,130
Cumulative amortisation as at 1 Jan 2023	5,789,342	37,946,933	892,916	-	44,629,191
Amortisation	1,023,880	1,227,193	153,462	-	2,404,535
Decrease	-	-	-	-	-
Cumulative amortisation as at 30 Sep 2023	6,813,222	39,174,126	1,046,378	-	47,033,726
Net carrying amount as at 1 Jan 2023	1,024,289	2,261,061	485,295	96,206,815	99,977,460
Net carrying amount as at 30 Sep 2023	409	1,033,868	341,833	138,196,294	139,572,404

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.

2.4. Deferred tax (net)

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

	30 Sep 2024 (unaudited)	31 Dec 2023 (audited)
Deferred tax asset	3,244,810	2,147,489
Deferred tax liability	(465,429)	(108,017)
Total	2,779,381	2,039,472

Income tax assets/liabilities in the reporting period

	1 Jan 2024	Recognised in profit or loss	30 Sep 2024
Assets			
Provisions	304,353	472,391	776,744
Royalties payable	613,285	617,750	1,231,035
Liabilities	47,704	2,463	50,167
Remeasurement of financial assets	1,168,562	(4,686)	1,163,876
Depreciation and amortisation	13,585	9,403	22,988
Liabilities			
Remeasurement of financial assets	(59,290)	(389,713)	(449,003)
Measurement of financial investments	(48,727)	32,301	(16,426)
Total	2,039,472	739,909	2,779,381

Income tax assets/liabilities in the comparative period

	1 Jan 2023	Recognised in profit or loss	30 Sep 2023
Assets			
Provisions	110,807	75,187	185,994
Royalties payable	770,768	(125,545)	645,223
Liabilities	25,284	8,149	33,433
Remeasurement of financial assets	60,907	6,065	66,972
Depreciation and amortisation	1,569	8,881	10,450
Liabilities			
Remeasurement of financial assets	(433,493)	(42,680)	(476,173)
Measurement of financial investments	(18,223)	(57,330)	(75,553)
Total	517,619	(127,273)	390,346

2.5. Investments in associates

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

On 28 February 2022, the Company entered into an agreement to purchase 40 shares in Fool's Theory Sp. z o.o. with a par value of PLN 50 per share, representing in total 40% of that company's share capital. This holding gives 11 bit studios S.A. significant influence over Fool's Theory Sp. z o.o.

11 bit studios S.A.'s payment for the acquired shares was divided into two tranches. The first tranche, of PLN 2,619,216, was paid on 9 March 2022. Under an Annex of 29 September 2023, the amount of the second tranche was set at PLN 1,571,529. It was to be settled seven months after the release of *The Thaumaturge*, developed by Fool's Theory Sp. z o.o. 11 bit studios S.A. is the game's publisher.

On 9 February 2024, the Company signed Annex 2, providing that the second tranche would be paid within six months from the time when 11 bit studios S.A.'s net revenue from sales of *The Thaumaturge* exceeded PLN 45 million. This threshold must be exceeded before 20 February 2028. *The Thaumaturge* was released on 4 March 2024. Under Annex 2, the amount of the second tranche will depend on net revenue generated by the Company from sales of the game over six months from its release and the percentage of positive user ratings on Steam Reviews received by *The Thaumaturge* over that period. In accordance with Annex 2, the second tranche amount will range from PLN 1,571,529 to PLN 3,666,901.

As at 30 September 2024, the second tranche was estimated at PLN 0, based on the assumption that

11 bit studios S.A. 's revenue from the sale of *The Thaumaturge* will not exceed PLN 45 million.

Measurement of investment in Fool's Theory Sp. z o.o. as at 30 September 2024

	30 Sep 2024 (unaudited)	31 Dec 2023 (audited)
Cost of shares – first tranche	2,619,216	2,619,216
Cost of shares – second tranche (estimate)	0	1,465,670
Share of profit/(loss) of associate	2,147,063	(458,376)
Investment in associate Fool's Theory Sp. z o.o.	4,766,279	3,626,510

Furthermore, on 28 February 2022, the Company concluded a shareholder agreement with Jakub Rokosz and Krzysztof Mąka, setting out detailed rules for managing Fool's Theory Sp. z o.o.'s affairs and the mutual rights and obligations of its shareholders. The shareholders agreed to prepare an incentive scheme for key employees and independent contractors of Fool's Theory Sp. z o.o., and currently work is continuing to develop its framework. The scheme will cover the period 2024–2027.

If Fool's Theory Sp. z o.o. achieves the targets set in connection with the scheme, 11 bit studios S.A. will pay Jakub Rokosz and Krzysztof Mąka a bonus in the aggregate amount of PLN 1,000,000. In the Company's opinion, this contingent consideration constitutes a service fee and as such it will be recognised in the Company's under salaries, wages and personnel expenses on a straight-line basis over the period of service in accordance with IAS 19. The cost of this consideration will be recognised on a straight-line basis until the end of 2027. As at the reporting date, the Company did not recognise any amounts in respect of this cost item.

Selected financial figures of Fool's Theory Sp. z o.o. as at 30 September 2024

	30 Sep 2024
Non-current assets	22,206,473
Current assets, including:	3,647,325
Cash	90,362
Equity	12,635,878
Current liabilities	5,383,486
Non-current liabilities	1,035,565
Accruals and deferrals	6,805,314
Net profit/(loss)	13,450,003

2.6. Long-term investments

	30 Sep 2024 (unaudited)	31 Dec 2023 (audited)
Shares in Starward Industries S.A.	1,212,249	1,652,536
Total long-term investments	1,212,249	1,652,536

11 bit studios S.A. holds 116,787 shares in Starward Industries S.A. Their price at the close of trading on

30 September 2024 was PLN 10.38 per share.

2.7. Other assets

	30 Sep 2024 <i>(unaudited)</i>	31 Dec 2023 <i>(audited)</i>
Insurance	36,379	100,879
Domain names, licences, subscriptions	830,622	759,026
Prepaid expenses	66,208	92,844
Guarantees	22,500	-
Trademark	50,329	59,520
Property tax	34,281	-
Perpetual usufruct of land	7,368	-
Royalties to be accounted for in next period	67,844	-
Other	50,878	12,255
Total other assets	1,166,409	1,024,524
including:		
- short-term	1,093,398	939,838
- long-term	73,011	84,685

Other current assets comprised prepayments and accrued income, including prepaid expenses related to industry events (trade fairs) in which the Company will take part in subsequent periods, as

well as fees for Internet domain names, licences, property insurance, subscriptions, and stock exchange fees.

2.8. Trade and other receivables

	30 Sep 2024 <i>(unaudited)</i>	31 Dec 2023 <i>(audited)</i>
Trade receivables	48,458,431	8,857,404
Taxes, grants, customs duties and social security	1,424,687	1,866,281
Other	3,650	24,406
Impairment losses on trade receivables	(32,671)	(6,584)
Total trade and other receivables	49,854,097	10,741,528

Trade receivables

The Company recognised allowances for trade receivables past due by more than 360 days based on historical credit loss rates determined through an analysis of receivables repayment.

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 as at 30 September 2024 disclosed below include receivables from the Company's

largest customers, accounting for over 5% of total trade receivables.

Receivables by customer:

	30 Sep 2024 <i>(unaudited)</i>	31 Dec 2023 <i>(audited)</i>
Company A	34,238,095	3,961,574
Company B	4,684,707	548,942
Company C	1,229,092	1,087,955
Company D	1,047,525	-

Ageing analysis of trade receivables

	30 Sep 2024 <i>(unaudited)</i>	31 Dec 2023 <i>(audited)</i>
Not past due	47,598,412	8,123,979
Past due by 1–30 days	492,456	725,775
Past due by 31–60 days	3,309	4,025
Past due by 61–90 days	12,056	887
Past due by 91–120 days	11,734	461
Past due by 121–360 days	340,464	2,277
Past due by over 360 days	-	-
Total	48,458,431	8,857,404

2.9. Current financial assets

	30 Sep 2024 <i>(unaudited)</i>	31 Dec 2023 <i>(audited)</i>
Loans to employees	90,350	612,047
Bank deposits with maturities of more than 3 months	-	16,218,444
Total current financial assets	90,350	16,830,492

Loans to employees are measured at amortised cost. They bear interest at 12M WIBOR plus 0.5% margin per annum. Loans are granted for a period of

12 months. Loans to employees are presented as current assets based on the period remaining to the repayment date.

2.10. Cash and cash equivalents

	30 Sep 2024 <i>(unaudited)</i>	31 Dec 2023 <i>(audited)</i>
Cash in bank accounts and in hand	19,806,941	25,764,898
Short-term deposits (up to 3 months)	16,109,909	11,805,000
Allowances for cash and cash equivalents	(13,627)	(13,924)
Total	35,903,223	37,555,974

As at 30 September 2024, 53.26% of the Company's cash and cash equivalents were deposited with Powszechna Kasa Oszczędności Bank Polski S.A.

Cash in hand and at banks as at 30 September 2024, by currency:

- PLN 1,255,308,
- USD 4,595,652 (PLN 17,552,173),
- EUR 230,348 (PLN 985,681),
- CNY 280 (PLN 152).

When measuring its cash, including cash denominated in foreign currencies, as at 30 September 2024, the Company also measured

2.11. Share capital

As at 30 September 2024, the Company's share capital consisted of 2,417,199 fully paid-up ordinary shares totalling PLN 241,719.9.

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 30 Sep 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 the period from 1 January to 30 September 2024 or in 2023.

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 280 (PLN 155).

expected credit losses (ECL), but the effect was not material.

Based on a decision of shareholders present at the Annual General Meeting on 6 June 2024, the full amount of the Company's net profit for 2023 of PLN 525,609 was transferred to statutory reserve funds.

2.13. Credit facility

	30 Sep 2024	31 Dec 2023
Opening balance	6,405,000	7,665,000
Principal increase	-	-
Principal repayment	(1,050,000)	(1,260,000)
Interest accrued	334,808	541,479
Interest paid	(334,808)	(541,479)
Closing balance	5,355,000	6,405,000
including:		
- short-term	1,260,000	1,260,000
- long-term	4,095,000	5,145,000

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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 repayment date is 11 December 2028. The facility is repayable in monthly instalments. As at 30 June 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 on the facility 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.

On 26 June 2023, the Company signed a PLN 20,000,000 multi-purpose credit facility agreement with PKO BP S.A. Its term ends on 25 June 2025. The facility may be drawn in the zloty or the euro to finance the Company's day-to-day operations. As at the reporting date, the Company made no drawdowns under the facility.

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

Lender	Borrowed amount	Currency	As at 30 Sep 2024	As at 31 Dec 2023	Interest rate	Repayment deadline
PKO BP S.A.	12,600,000	PLN	5,355,000	6,405,000	1M WIBOR + 0.9%.	11 Dec 2028
Total	12,600,000		5,355,000	6,405,000		

2.14. Employee benefit and other provisions

	Accrued retirement and disability benefits	Accrued holiday entitlements	Accrued bonuses for Management Board members	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	8,787	1,063,155	2,227,723	2,264,413	5,564,078
Decrease:					
Use	-	(695,884)	-	(17,501)	(749,908)
Reversal	(7,245)	-	(29,020)	(36,386)	(72,651)
As at 30 Sep 2024	31,756	1,270,799	2,965,152	3,001,575	7,269,282
including:					
- short-term	1,285	1,270,799	2,965,152	3,001,575	7,238,811
- long-term	30,471	-	-	-	30,471

	Accrued retirement and disability benefits	Accrued holiday entitlements	Accrued bonuses for Management Board members	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	16,407	733,686	146,186	307,708	1,203,987
Decrease:					
Use	-	(473,849)	-	(800)	(474,649)
Reversal	(499)	-	-	-	(499)
As at 30 Sep 2023	38,969	850,042	229,501	474,339	1,592,851
including:					
- short-term	1,281	850,042	229,501	474,339	1,555,163
- long-term	37,688	-	-	-	37,688

2.15. Lease liabilities

	30 Sep 2024 (unaudited)	31 Dec 2023 (audited)
Lease liabilities – opening balance	766,130	766,130
Increase	-	-
Decrease	-	-
Charges for perpetual usufruct of land	(3,392)	(1,915)
Lease liabilities – closing balance	762,738	764,215
including:		
- short-term	15,254	15,253
- long-term	747,484	748,962

2.16. Deferred income

	30 Sep 2024 (unaudited)	31 Dec 2023 (audited)
Government grants	635,710	635,710
Total	635,710	635,710
including:		
- short-term	-	-
- long-term	635,710	635,710

The amount represents a government grant (EU funding) received in 2017 under the Creative Media programme for the development of *Project 8*.

Income from the grant has not been accounted for yet. It will be recognised against amortisation charges in the coming years.

2.17. Trade and other payables

	30 Sep 2024 (unaudited)	31 Dec 2023 (audited)
Trade payables	2,014,206	1,113,891
Provisions for product returns	1,405,939	98,804
Guarantee deposits – Brzeska 2	5,600	11,600
Taxes, customs duties, insurance and other dues	1,276,708	1,238,923
Accruals and deferred income (provision for audit and other invoices)	562,409	407,031
Amounts payable to employees	7,787	5,956
Other	41,795	41,795
Total trade and other payables	5,314,444	2,918,000

Ageing analysis of trade payables:

	30 Sep 2024 <i>(unaudited)</i>	31 Dec 2023 <i>(audited)</i>
Not past due	857,968	922,151
Past due by 1-30 days	1,087,807	187,714
Past due by 31-60 days	61,072	280
Past due by 61-90 days	-	345
Past due by 91-120 days	7,359	3,401
Past due by 121-360 days	-	-
Past due by over 360 days	-	-
Total	2,014,206	1,113,891

The Company has financial risk management policies in place to ensure timely payment of liabilities.

2.18. Contractual maturities of liabilities**Time to maturity as at 30 Sep 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	2,002,859	11,347	-	-	-	2,014,206
Lease liabilities	2,456	4,912	22,104	117,888	2,217,777	2,365,137
Royalties payable	-	2,875,673	3,603,460	-	-	6,479,133
Credit facility	105,000	210,000	945,000	4,095,000	-	5,355,000

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. Contract liabilities

	30 Sep 2024 <i>(unaudited)</i>	31 Dec 2023 <i>(audited)</i>
Contract liabilities	11,162,123	13,355,194
Total	11,162,123	13,355,194

The Company's contract liabilities as at the reporting date included advance payments received from trading partners (mainly Microsoft Corporation) in

respect of future sales of the Company's proprietary and third-party developed games.



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 values

as at 30 September 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 30 Sep 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	35,903,223	-	-	35,903,223
Investments in associates	-	4,766,279	-	4,766,279
Long-term investments	-	1,212,249	-	1,212,249
Trade and other receivables	49,854,097	-	-	49,854,097
Loans to employees	90,350	-	-	90,350
IRS	-	216,113	-	216,113
Total	85,847,674	4,638,239	-	92,042,312
Financial liabilities				
Trade and other payables	5,314,444	-	-	5,314,444
Royalties payable	6,479,134	-	-	6,479,134
Credit facility	5,355,000	-	-	5,355,000
Total	17,148,577	-	-	17,148,577

Classes of financial instruments 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	10,741,528	-	-	10,741,528
Loans to employees	612,047	-	-	612,047
IRS	-	312,053	-	312,053
Total	65,127,994	1,964,589	-	67,092,583
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.

Fair value measurement methods

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 loans for employees is determined based on future cash flows, discounted at the current interest rate on loans.

Financial assets measured at fair value:

	30 Sep 2024	31 Dec 2023	Fair value hierarchy
Starward Industries S.A. shares	1,212,249	1,652,536	Level 1
Measurement of IRS	216,113	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. Costs of the Incentive Scheme are recognised in the statement of profit or

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loss over the entire term of the Incentive Scheme, with a corresponding entry in capital reserves. The terms and conditions of the incentive scheme are based on the achievement of the general corporate objectives rather than targets set for individual persons (Scheme participants). Therefore, as the condition of direct allocation to an asset is not

:

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

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:

	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 30 Sep 2024	74,550	32,171	106,721
Measurement of warrants (PLN)	199.84	336.30	-
Scheme valuation as at 30 Sep 2024 (PLN)	6,614,856	4,803,748	11,418,604
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)
Statement of profit or loss – employee benefits expense in 2024 (PLN)	-	-	2,882,089
Total Incentive Scheme cost as at 31 Dec 2025 remaining to be recognised (PLN)	-	-	4,051,355
Total	-	-	11,418,604

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.

The Company remeasured the total costs of the 2021–2025 Incentive Scheme as at the reporting date at PLN 11,418 604, up from PLN 12,242,390 as at 31 December 2023. This led to a decrease in the costs of the Incentive Scheme recognised in the first three quarters of 2024.

The costs of the 2021–2025 Incentive Scheme are recognised over its entire term. The financial

objectives set out in the Incentive 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 the following persons related to members of the key management:

- Paweł Miechowski – PR Expert, 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 30 September 2024 and from 1 January to 30 September 2023:

	30 Sep 2024	30 Sep 2023
Arkona – Paweł Miechowski*	211,503	180,111
Marek Ziemak*	237,882	53,766
Paweł Feldman*	238,907	56,212
Fool's Theory Sp. z o.o.	765,397	1,478,949
Total	1,453,688	1,769,038

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

Loans advanced to related parties

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. In accordance with an annex signed on 4 June 2024, the surety for up to PLN 5,250,000 is valid until 4 June 2028. 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.

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. The loan, including interest, was repaid in full on 26 February 2024.

Borrowings from related parties

The Company did not receive any loans from its related parties in the period from 1 January to 30 September 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 nine months to 30 September 2024 and in the comparative period is presented below.

Remuneration of the Management Board in the period to 30 September 2024 – total:

	Przemysław Marszał	Grzegorz Miechowski	Michał Drozdowski	Paweł Feldman	Marek Ziemak
Remuneration for managerial responsibilities	471,947	473,110	467,280	299,439	298,020
Provision for annual bonus	598,834	598,834	598,834	598,834	598,834
Remuneration under civil-law contracts	53,896	53,100	53,100	-	-
Remuneration under service contracts	-	-	-	238,907	237,882
Total	1,124,677	1,125,044	1,119,214	1,137,180	1,134,736

Remuneration of the Management Board in the period to 30 September 2023 – total:

	Przemysław Marszał	Grzegorz Miechowski	Michał Drozdowski	Paweł Feldman	Marek Ziemak
Remuneration for managerial responsibilities	472,006	473,790	467,280	482,148	482,015
Provision for annual bonus	34,171	34,171	34,171	34,171	34,171
Remuneration under civil-law contracts	53,883	53,100	53,100	-	-
Remuneration under service contracts	-	-	-	56,212	53,766
Total	560,060	561,061	554,551	572,531	569,952

In addition, members of the Management Board received consideration for services under civil-law contracts and service contracts.

Members of the Management Board did not receive any other remuneration in the form of profit distributions or stock options for the nine months ended 30 September 2024 or the nine months ended 30 September 2023. Members of the Management Board participate in the 2021–2025 Incentive Scheme, as described in detail (together with the valuation) in **Note 3.2** to these financial statements.

As at 30 September 2024, Przemysław Marszał (President of the Management Board), Grzegorz

Miechowski (Member of the Management Board) and Michał Drozdowski (Member of the Management Board) will each have the right to subscribe for 6,500 Series C warrants convertible into Series H shares, on the basis of the 2021–2025 Incentive Scheme participation agreements they have signed. Paweł Feldman and Marek Ziemak (Members of the Management Board) will each have the right to subscribe for 5,500 Series C warrants convertible into Series H shares. As at 30 September 2024, the total number of warrants to be acquired by persons participating in the 2021–2025 Incentive Scheme with whom the Company has signed participation agreements is 74,550.

Short-term benefits – Supervisory Board:

	1 Jan 2024– 30 Sep 2024	1 Jan 2023– 30 Sep 2023
Radosław Marter (Chair of the Supervisory Board)	85,500	85,500
Jacek Czykiel (Deputy Chair of the Supervisory Board)	82,570	78,801
Marcin Kuciapski (Member of the Supervisory Board)	54,810	54,796
Piotr Wierzbicki (Member of the Supervisory Board)	59,310	56,797
Milena Olszewska-Miszuris – Member of the Supervisory Board.	59,310	56,797
Total	341,500	332,691

NOTES TO THE FINANCIAL STATEMENTS

On 9 June 2024, the Company's Annual General Meeting passed Resolution No. 17/06/2024 to adopt a revised 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.

In accordance with the remuneration policy, members of the Management Board are entitled to an annual bonus, whose amount depends on the Company's net profit earned in a given period.

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 transactions were executed on a non-arm's length basis in the period from 1 January to 30 September 2024 or in the comparative period.

4.2. Off-balance-sheet commitments

As at the issue date of this report for the nine months ended 30 September 2024, the Company had off-balance-sheet commitments to incur expenditure (on intangible assets only) of EUR

1,458,405, PLN 670,849 and USD 440,441. 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. In accordance with an annex signed on 4 June 2024, the surety for up to PLN 5,250,000 is valid until 4 June 2028. 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 30 September 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 nine months to 30 September 2024.

4.5. Events subsequent to the reporting date

On 1 October 2024, 11 bit studios S.A. announced that the release of *The Alters*, originally scheduled for the fourth quarter of 2024, had been moved to the first quarter of 2025. The decision to postpone the launch (planned for PC and console versions) was driven by the need to address player feedback, refine the game and improve its visibility ahead of release.

On 29 October 2024, the mobile version of *Frostpunk*, titled *Frostpunk: Beyond the Ice*, was officially launched. Developed by the Chinese studio NetEase and published by Korea's Com2Us, the game is available for free on Google Play and the App Store, featuring optional in-app purchases.

On 13 November 2024, the Company announced that the console version of *The Thaumaturge* would premiere on 4 December 2024. The game was developed by Fool's Theory Sp. z o.o., an associate of 11 bit studios S.A. The PC version of *The Thaumaturge* had been released earlier this year, on 4 March 2024.

On 14 November 2024, to celebrate the 10th anniversary of the release of *This War of Mine*, the Company revealed plans for a new DLC for the game, titled *Forget Celebrations*. The DLC is set to launch by the end of the year, with all proceeds from sales going to charitable causes.

There were no other events occurring after the reporting date that would have had a material effect on these condensed interim financial statements.



5.

OTHER INFORMATION RELEVANT TO THE QUARTERLY REPORT

5.1. Significant achievements or failures in 1 January to 30 September 2024

In the reporting period, 11 bit studios S.A. posted revenue of PLN 106,658,014, a 211.14% increase from the PLN 34,280,259 reported the year before. 26% of the revenue was derived from sales of games developed by third parties who used the publishing services provided by the Company. In the reference period, the ratio reached 39%. In the three months ended 30 September 2024, sales amounted to PLN 75,897,446, up 698.52% year on year.

The surge in sales, especially during July–September 2024, was driven by the release of *Frostpunk 2*, which launched for PC on 20 September 2024. By the end of the third quarter, nearly 441,000 copies of the game had been sold (net of returns). Notably, 53.7% of buyers (as at 30 September 2024) opted for the Deluxe edition, priced at USD 74.99 compared to USD 44.99 for the standard version. The Deluxe edition includes three paid DLCs, which are scheduled for release in the coming quarters. As at the end of the third quarter of 2024, 24.8% of *Frostpunk 2* purchasers were from China. Fans from the US accounted for 18.2% of buyers, followed by Germany (7.1%), Russia (5.6%), and South Korea (3.9%). Buyers from Poland accounted for 2.9% of total sales. The Company's revenue from *Frostpunk 2* during the reporting period, which included a portion of payments from Microsoft for making it available on Game Pass, totalled PLN 52,329,004, or 49.06% of the Company's total revenue.

In the nine months ended 30 September 2024, a significant portion of the Company's revenue came from sales of *Frostpunk* for various hardware platforms, along with related DLCs and merchandise, such as the game's soundtrack and board game version. This revenue reached PLN 22,210,806 in the reporting period, a 33.88% increase year on year, and represented 20.82% of the Company's total revenue, compared to 48.39% in the same period last year. The increase in revenue from *Frostpunk* sales was largely driven by the game's strong presence on leading distribution platforms, supported by the Company's long-standing partnerships with key industry players.

A noticeable contribution to 11 bit studios S.A.'s revenue during the first nine months of 2024 came from the publishing division's titles released in recent quarters. Leading the way was *The Thaumaturge*, which brought in PLN 6,791,077. It launched for PC on 4 March 2024, with the console version scheduled for release on 4 December 2024. The game was developed by Fool's Theory Sp. z o.o., an associate of 11 bit studios S.A. Close behind was *Creatures of Ava*, which generated PLN 6,006,474 in revenue following its release for PC and Xbox on 7 August 2024. A large portion of this revenue came from Microsoft, as the game was made available on Game Pass. The title was developed by the Spanish studios Chibig and Inverge Studio. Another important release from the publishing segment's portfolio and a major source of revenue for 11 bit

studios S.A. in the reporting period was *INDIKA*, developed by the Kazakh studio Odd Meter. Launched on 2 May 2024, the game added PLN 4,875,552 to the Company's revenue in the nine months to 30 September 2024. Rounding out 11 bit studios S.A.'s revenue during the reporting period were sales from the back catalogue, including *This War of Mine* and older titles from the publishing portfolio, notably *The Invincible*, *Moonlighter* and *Children of Morta*. The Company's total revenue from this source reached PLN 14,445,101, compared with PLN 17,690,121 in the reference period.

Operating expenses in the nine months ended 30 September 2024 were PLN 53,583,812, a 48.77% increase on the nine months ended 30 September 2023, when they stood at PLN 36 018 221. The largest item of operating expenses in the first nine months of 2024, as well as in the comparative period, was cost of services: PLN 28,565,995 vs PLN 20,038,142 the year before. It included royalties for the producers of *The Invincible*, *INDIKA*, *Moonlighter* and *Children of Morta*, amounting to PLN 11,766,222 in the reporting period, up from PLN 7,231,401 in the same period of the previous year. Another major component of the Company's cost of services was marketing expenses. They rose to PLN 5,194,744, from PLN 3,372,404 in the first nine months of 2023, in line with increasing expenditure incurred to prepare for the releases of games from the proprietary and publishing portfolios that took place in recent quarters (e.g. cost of production of film trailers, translations, tests and participation in trade fairs). In the nine months ended 30 September 2024, the Company also spent PLN 15,451,599 on salaries and wages (PLN 9,588,136 the year before). It should be noted, however, that the item included a non-cash provision (PLN 2,882,089 vs PLN 2,013,368 in 2023) recognised every quarter (until the fourth quarter of 2025 inclusive) for the costs of the 2021–2025 Incentive Scheme. Another non-cash provision recognised by the Company and included in salaries and wages was a provision for annual bonuses for employees and independent contractors (including the Management Board), which are linked to the Company's net profit. As at the end of September 2024, the total balance of these provisions was PLN 5,966,727 (see Note 2.14), compared with PLN 703,840 in the corresponding period of the previous year.

At PLN 4,956,455, depreciation and amortisation was a considerable item of operating expenses in the first three quarters of 2024 (up 48.71% year on year). Its increase was attributable to the commencement of amortisation of expenditure on the games released by the publishing division in recent quarters. The amount did not include the expenditure incurred on *Frostpunk 2*, which will begin to be amortised starting from 1 October 2024.

Given the year-on-year increase in revenue, accompanied by a slower rate of growth in operating expenses, in the nine months ended 30

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

September 2024 11 bit studios S.A. posted an operating profit of PLN 53,080,009, compared with an operating loss of PLN 1,673,098 reported a year earlier. EBITDA in the reporting period went up to PLN 58,036,465 from PLN 1,659,944 in the corresponding period of the previous year.

The balance of finance income and finance costs had a small but positive effect on the Company's profits in the nine months ended 30 September 2024. It amounted to PLN 639,734, down from the PLN 3,372,028 reported the year before, and was attributable to income from the management of surplus cash (interest on bank deposits) and the recognition of the Company's share in profits earned by its associate Fool's Theory Sp. z o.o. The balance of finance income and finance costs included foreign exchange losses on the remeasurement of the Company's financial assets denominated in foreign currencies, as the third quarter of 2024 saw the depreciation of the Polish currency against USD and EUR. The Company also incurred the cost of debt service on the credit facility contracted with PKO BP S.A. in December 2018 to purchase the office building at ul. Brzeska 2 in Warsaw (the Company's current headquarters).

The net finance income contributed to 11 bit studios S.A.'s profit before tax, which reached PLN 53,719,743 for the nine months ended 30 September 2024, relative to PLN 1,660,363 in the same period last year. After income tax of PLN 6,172,632 (PLN 309,625 the year before), the Company posted a net profit of PLN 47,547,111, up by 3,420.1% from the PLN 1,350,738 reported for the nine months ended 30 September

2023. Net profit margin was 44.57%, compared with 3.94% the year before.

In the nine months to 30 September 2024, 11 bit studios S.A. continued work on the development of the following proprietary games: *Frostpunk 2* (released on 20 September 2024), *The Alters* (to be released in the first quarter of 2025) and *Project 8* (code name). As at the reporting date, the teams responsible for these titles consisted of 84, 56 and 37 members, respectively. In the nine months ended 30 September 2024, the Company's expenditure on the development of games in the publishing segment reached PLN 45,337,238, compared with PLN 41,993,820 in the comparative period.

In the reporting period, 11 bit studios S.A.'s publishing division focused on producing and preparing the releases of new games developed by third-party studios and acquiring new titles for the publishing portfolio as well as monetising the titles released in previous quarters. The nine months ended 30 September 2024 saw the releases of *The Thaumaturge* (February 2024), *INDIKA* (May 2024) and *Creatures of Ava* (August 2024). As at the date of issue of these financial statements, 11 bit studios S.A.'s publishing portfolio consisted of one (formally disclosed) project, i.e. *Botin* (working title), being developed by the Spanish studio Digital Sun (previously responsible for the production of *Moonlighter*). As at 30 September 2024, the Company's commitments under publishing agreements totalled EUR 1,458,405, PLN 670,849 and USD 440,441.

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 capital held	Number of votes	% of total voting rights in the Company
Grzegorz Miechowski	168,413	6.97	168,413	6.97
N-N PTE*	137,000	5.67	137,000	5.67
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	1,761,636	72.88	1,761,636	72.88
Total	2,417,199	100.00	2,417,199	100.00

* Number of shares registered at the Annual General Meeting held on 6 June 2024.

** 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 of the decrease in his holding to below 5% of the share capital and total voting rights 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.

In Current Report No. 18/2024 of 12 July 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 11 July 2024 and 12 July 2024, Marcin Kuciapski purchased a total of 80 and 40 shares in 11 bit studios S.A. in transactions on the WSE, at an average price of PLN 632 per share and PLN 640 per share, respectively.

The following changes took place in the shareholding structure of 11 bit studios S.A. after the reporting period.

In Current Report No. 21/2024 of 26 September 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 Piotr Wierzbicki, Member of the Supervisory Board, concerning his acquisition of 11 bit studios S.A. shares. On 23 September 2024, Piotr Wierzbicki purchased a total of 550 shares in 11 bit studios S.A. in trades executed on the WSE, at an average price of PLN 364.17 per share.

In Current Report No. 22/2024 of 30 September 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 27 September 2024, Marcin Kuciapski purchased a total of 420 shares in 11 bit studios S.A. in trades executed on the WSE, at an average price of PLN 324 per share.

In Current Report No. 23/2024 of 2 October 2024, 11 bit studios S.A. announced that on that day the Company received a notification from TFI Allianz Polska S.A. to the effect that the share of funds managed by TFI Allianz Polska S.A. in total voting rights in the Company was reduced to less than 5% as a result of the sale of Company shares on 30 September 2024. Prior to the sale, funds managed by TFI Allianz Polska S.A. held 121,790 Company shares, representing 5.04% of the share capital and voting rights in the Company. Following the sale, the funds hold 110,000 shares, or 4.55% of the Company's share capital and total voting rights in the Company.

5.4. Company shares held by members of the Management and Supervisory Board as at the issue date of these financial statements

	Position	Number of shares as at the issue date of the report	Number of shares as at 30 Sep 2024	Number of shares as at 31 Dec 2023
Przemysław Marszał	President of the Management Board	120,003	120,003	120,863
Grzegorz Miechowski	Member of the Management Board	168,413	168,413	170,413
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 Supervisory Board	1,002	1,002	1,002
Marcin Kuciapski	Member of the Supervisory Board	2290	2290	1750
Piotr Wierzbicki	Member of the Supervisory Board	550	550	-

According to the submitted declarations, no members of the Company's Supervisory Board other than Marcin Kuciapski and Piotr Wierzbicki 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 sureties and guarantees issued by the Company

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. In

accordance with an annex signed on 4 June 2024, the surety for up to PLN 5,250,000 is valid until 4 June 2028. 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.

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

In the coming months, including the time up to the end of 2024, 11 bit studios S.A.'s performance will be driven mainly by further sales of *Frostpunk 2*, released for PC on 23 September this year. The Company is also working on its console versions, which are expected to be placed on the market in a few months. Likewise, work is continuing on DLCs for *Frostpunk 2*. As previously announced, there will be three paid DLCs, which will be available for free to buyers of the Deluxe version of the game. The DLC release road map will be presented at a later date.

On 4 December 2024, the Company will launch sales of the console version of *The Thaumaturge*, a game

from the publishing division's portfolio produced by Fool's Theory Sp. z o.o., whose PC version was released on 4 March 2024.

By the end of 2024 (with the exact date to be announced later), fans of *This War of Mine* will be offered the *Forget Celebrations* DLC, created to celebrate the 10th anniversary of the game's launch on 14 November 2014. All proceeds from this DLC will be donated to charity.

In the months ahead, the revenue generated by *Frostpunk 2* will be supported by sales of the publishing division's titles released in recent quarters: *The Invincible* (November 2023), *The*

Thaumaturge (March 2024), *INDIKA* (May 2024) and *Creatures of Ava* (August 2024).

Another key source of revenue will be the Company's back catalogue, including products such as *This War of Mine* and *Frostpunk*, as well as paid DLCs for the latter offered through the Season Pass. *Frostpunk*, whose PC version premiered in April 2018, continues to attract strong interest, as evidenced by its sales performance in the first nine months of this year, which surpassed results from the same period in 2023. Complementing back catalogue revenue will be continued sales of the publishing division's titles, led by *Moonlighter* and *Children of Morta*. However, as in the case of proprietary games, these revenues are expected to gradually decline despite the efforts undertaken by the Company, owing to natural ageing of the products.

Looking ahead, over the next several years 11 bit studios S.A.'s financial results will primarily depend on the release of new proprietary titles, including

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

The Alters., which is scheduled to launch in the first quarter of 2025 for PC and Xbox Series X/S and PS5 consoles. Work is also progressing on *Project 8* (code name), though its release date has not yet been disclosed. These games are being developed by teams of 56 and 37 members, respectively. Additionally, a team of 84 are currently working on further developing *Frostpunk 2*, including creating DLCs and console versions.

In the coming quarters and years, the publishing division is expected to make a noticeable contribution to the Company's performance. As at the reporting date, the publishing portfolio (publicly disclosed) included one title, codenamed *Botin*. This game is being developed by Digital Sun Games, a Spanish studio previously responsible for the production of *Moonlighter*. As at the reporting date, the Company's total commitments under publishing agreements amounted to EUR 1,458,405, PLN 670,849 and USD 440,441.

These condensed interim financial statements were authorised for issue by the Management Board on 14 November 2024.

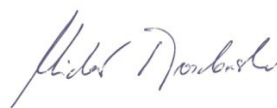
Signed by:



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, 14 November 2024



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