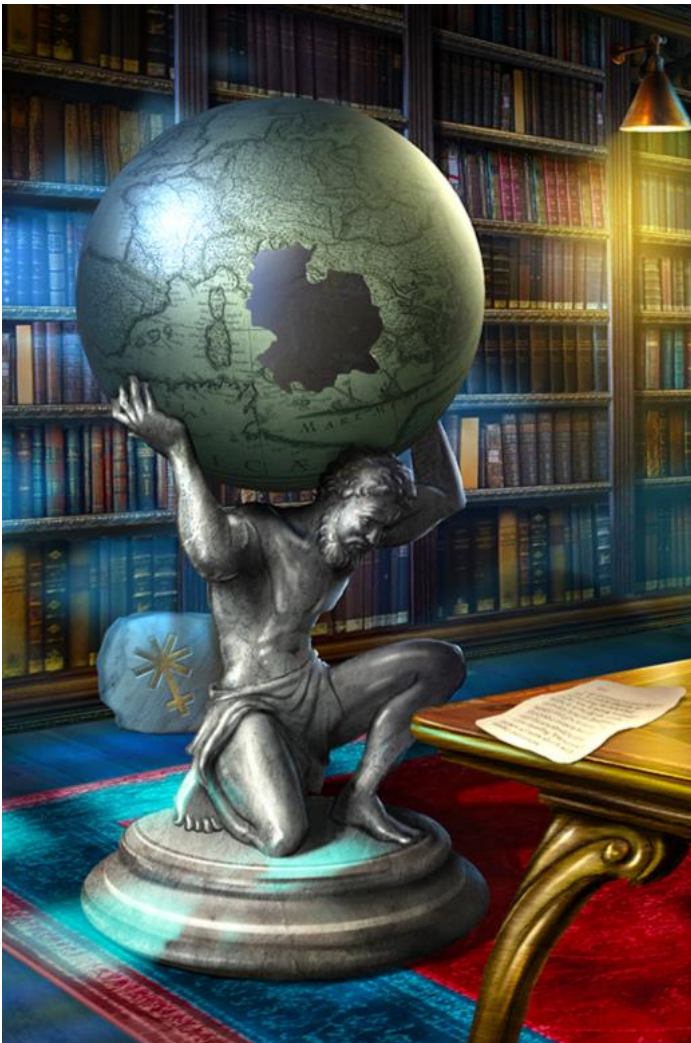




Artifex Mundi S. A.  
Summary of the Company's Financial Report  
for Q3 2023



# 1

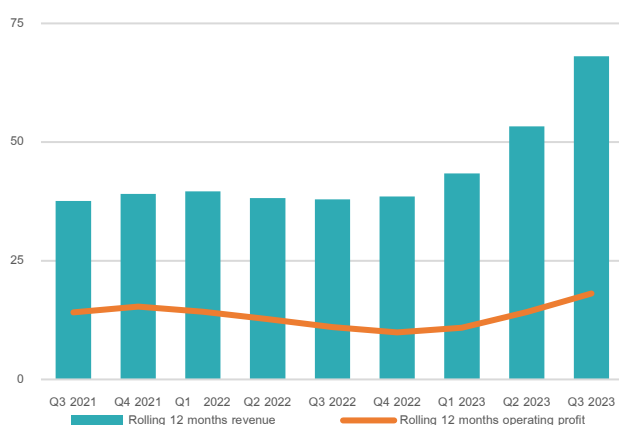
## Q3 2023 AT A GLANCE



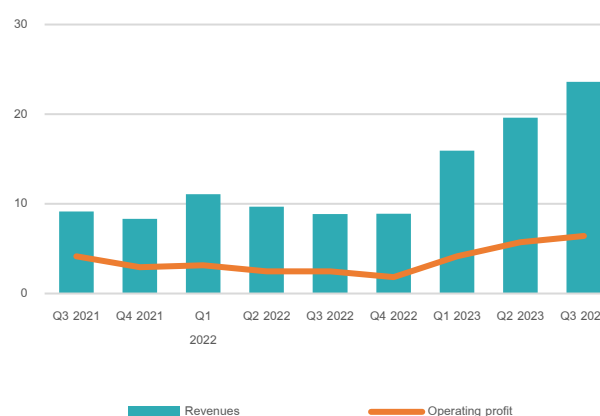
## Highlights of Q3 2023

- **100%** increase in sales revenue to **PLN 59.1 million**
- **53%** increase in normalized EBITDA to **PLN 20.2 million**.
- **100%** EBIT increase to **PLN 16.3 million**.
- **83%** increase in net profit to **PLN 14.3 million**.
- **2** game projects in development
- **35%** increase in game production expenditure to **PLN 14.3 million**.
- **98** – average employment in Q3 2023.

LTM revenues and EBIT



Quarterly revenues and EBIT



## Financial results for Q3 2023

### Sales revenue

In PLN thousands	Q3 2023	Q3 2022	9 months in 2023	9 months in 2022
<b>Total revenue, including:</b>	<b>23,611</b>	<b>8,886</b>	<b>59,147</b>	<b>29,647</b>
Free-to-play games, including:	21,256	6,048	51,235	18,987
Unsolved, including:	20,978	5,454	50,072	16,304
Advertising revenue	4,802	1,375	11,315	4,072
HOPA Games	2,295	2,754	7,689	10,285
Premium games	60	71	223	362

In Q3 2023, the Company reported a 251% increase in the commercialization of the *free-to-play* segment, reaching PLN 21.3 million. This growth is attributable to the development of *Unsolved*, whose revenue increased by 285% to PLN 21.0 million. This result was possible due to an increase of achieved key performance indicators (KPIs) for *Unsolved* since the beginning of 2023, which enabled the implementation of profitable and more extensive user acquisition (UA) campaigns. During the assessed period, sales revenue from HOPA games amounted to PLN 2.3 million compared to PLN 2.8 million in the previous year, reflecting the life cycle of commercially available games. Within 9 months of 2023, revenue from the *free-to-play* segment increased by 170% to PLN 51.2 million, while the sales of premium HOPA games amounted to PLN 7.7 million compared to PLN 10.3 million in the previous year.

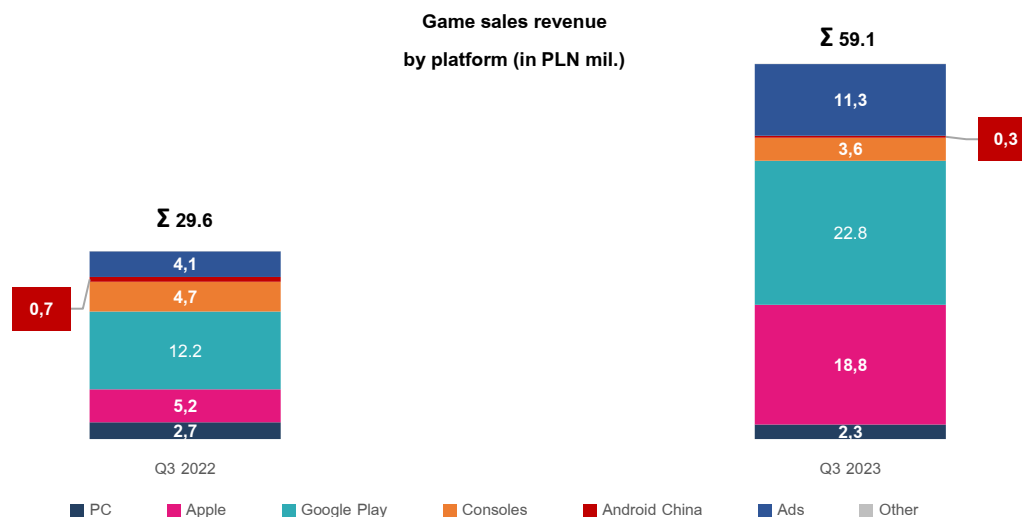
## Key products of the Company

List of best-selling games	Share in game sale revenue	
	Q3 2023	9 months in 2023
Unsolved	88.9%	84.7%
Bladebound	1.2%	2.0%
Grim Legends: The Forsaken Bride	0.5%	0.5%
Enigmatis 2: The Mists of Ravenwood	0.4%	0.5%
Demon Hunter: Chronicles from Beyond	0.4%	0.5%
Enigmatis: The Ghosts of Maple Creek	0.3%	0.5%
Enigmatis 3: The Shadow of Karkhala	0.3%	0.4%
Eventide: Slavic Fable	0.3%	0.3%
The Myth Seekers: The Legacy of Vulcan	0.3%	0.2%
Ghost Files: The Face of Guilt	0.3%	0.3%
<b>Other</b>	<b>7.1%</b>	<b>10.1%</b>

In Q3 2023, *Unsolved* strengthened its dominant position in the Company's revenue mix. The game accounted for 88.9% of the Company's revenues in the past quarter and 84.7% in the 9 months of 2023. *Bladebound*, an RPG commercialized in the free-to-play model, ranked second. Third in the sales ranking was *Grim Legends: The Forsaken Bride*, a HOPA game commercialized in the premium model, whose Xbox version was released in Q2 this year.

## Distribution channels

The primary sources of Artifex Mundi's revenue from game sales in 9 months in 2023 were sales made via the Google Play Store (38% of the Company's total sales) and Apple's App Store (32% of total sales), which reflects the dynamic development of *Unsolved*. The third position in the ranking of the company's revenue sources is held by revenue from advertisements displayed in *Unsolved*.



## Operating expenses

Costs recognized in the income statement (in PLN thousands)	Q3 2023	Q3 2022	9 months in 2023	9 months in 2022
Costs of goods sold	2,447	2,141	6,960	6,882
Selling expenses	13,070	2,869	31,682	10,188
General administrative expenses	1,646	1,399	4,216	4,608
<b>Total</b>	<b>17,163</b>	<b>6,409</b>	<b>42,858</b>	<b>21,678</b>
Expense-to-revenue ratio for the quarter (%)	73%	72%	72%	73%

In Q3 2023, the Company recognized PLN 17.2 million in costs of goods sold, including selling and general expenses, compared to PLN 6.4 million costs in the same period of 2022. The Company's expense-to-revenue ratio in Q3 this year amounted to 73%, compared to 72% in the previous year. In the 9 months, the Company's total costs recognized in the income statement amounted to PLN 42.9 million, compared to PLN 21.7 million in the previous year.

The spike in the Company's operating costs in Q3 2023 and in 9 months of 2023 was largely impacted by elevated user acquisition costs for *Unsolved* which are recognized in selling expenses.

Recognized costs (in PLN thousands)	Q3 2023	Q3 2022	9 months in 2023	9 months in 2022
Royalties	1,244	880	3,352	3,084
Free-to-play games amortization	1,039	1,043	3,118	3,128
HOPA games amortization	69	111	214	461
Selling expenses	13,070	2,869	31,682	10,188
General administrative expenses	1,646	1,399	4,216	4,608
Other	95	107	276	209
<b>Costs recognized in the Profit and Loss Account</b>	<b>17,163</b>	<b>6,409</b>	<b>42,858</b>	<b>21,678</b>

## EBITDA

In PLN thousands	Q3 2023	Q3 2022	9 months in 2023	9 months in 2022
<b>Operating result</b>	<b>6,418</b>	<b>2,507</b>	<b>16,280</b>	<b>8,159</b>
Adjusted by:				
a) computer game amortization	1,109	1,177	3,333	3,596
b) depreciation of fixed and intangible assets	74	99	190	182
<b>EBTIDA</b>	<b>7,601</b>	<b>3,783</b>	<b>19,803</b>	<b>11,937</b>
Adjusted by:				
a) incentive scheme costs	184	403	369	1,208
<b>Normalized EBITDA</b>	<b>7,785</b>	<b>4,186</b>	<b>20,172</b>	<b>13,145</b>

## Capitalized costs of computer games

Capitalized costs of computer games (in PLN thousands)	September 30, 2023	December 31, 2022
<b>Free-to-play games, including:</b>	<b>43,238</b>	<b>32,053</b>
Unsolved	7,927	5,832
New game from the RPG studio	15,390	9,528
Bladebound	2,060	3,153
R&D projects	16,736	12,283
<b>HOPA Games</b>	<b>234</b>	<b>323</b>
<b>Total</b>	<b>43,472</b>	<b>32,376</b>

The majority of the “Capitalized game costs” balance sheet item of Artifex Mundi is attributed to expenses associated with *free-to-play* game development. At the end of September 2023, the capitalized costs of *free-to-play* games amounted to PLN 43.2 million, compared to PLN 32.1 million at the end of 2022.

## Most significant events of Q3 2023 and until the date of report publication

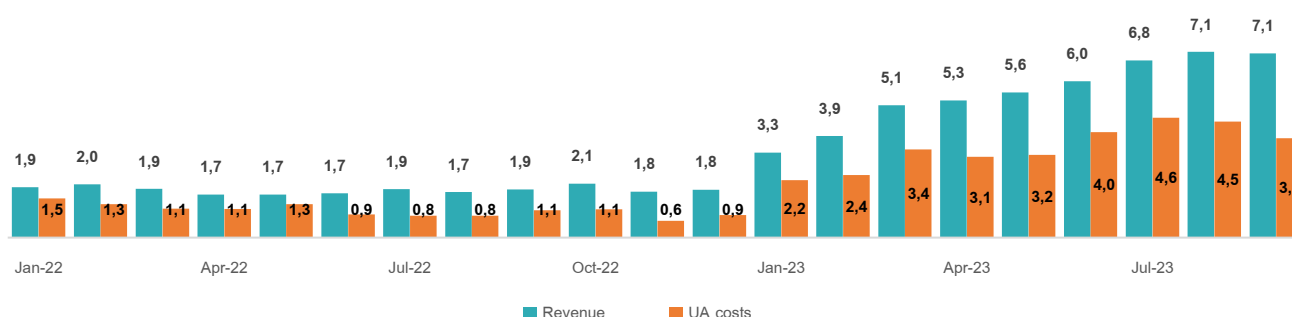
### Free-to-play games

In Q3 2023, following the updated development strategy, the Company prioritized the development of two key projects: *Unsolved* and the new RPG.

#### Unsolved

An application that integrates certain games from Artifex Mundi’s HOPA games portfolio and provides users with free, time-limited gameplay based on the model of consumable energy that partially recharges on a daily basis, with additional energy available for purchase within the app.

**Unsolved - commercialization and investments in user acquisition**  
(in PLN mil.)



In the previous quarter, the Company continued developing the current version of the game by, among other things, increasing the number of titles available in the application, as well as implementing new game mechanics and features, which significantly increased the LTV and allowed the multiplication of UA expenses. At the same time, the game engine is being developed to expand *Unsolved* with a metagame, i.e., a layer offering additional gameplay mechanics to engaged users and increasing the game’s monetization potential.

In Q3 2023, the Company conducted regular UA campaigns using social media, Google Ads, and other means, expanding their scope both compared to the same period in 2022 and the average level of expenses in the first half of 2023. The total user acquisition expenses for *Unsolved* in Q3 this year amounted to PLN 12.9 million, as opposed to PLN 3.0 million in the same period of 2022.

The development of *Unsolved* combined with advertising campaigns led to an increase in game commercialization revenues, which in Q3 2023 reached PLN 21.0 million as opposed to PLN 5.5 million in the previous year.

### The New RPG

The new project is a strategic undertaking of the RPG studio which, on the day of this report, takes up the majority of its resources.

In the previous period, development was carried out as scheduled. The technical soft launch conducted in Q2 this year to verify the key project goals and indicators confirmed the unique selling points in the form of high-quality content, a unique art style, and gameplay. Based on the conclusions from the analysis of data collected during testing in Q3 and thereafter, by the date of this report, the project development concerned, among other things, game modes and game content. The schedule of further project development assumes that the game will be revealed and marketing actions will commence in the second half of 2024.

The new RPG project employs solutions developed by the Company as a part of its R&D projects co-financed by the “GameINN” Sectoral Program.

### Bladebound

A spectacular action RPG produced by the Company’s internal team.

In Q3 this year and thereafter, the Company focused on maximizing game profit while minimizing maintenance expenses. The *Bladebound* commercialization revenue for that period amounted to PLN 0.27 million as opposed to PLN 0.59 million in the same period in 2022. Lower commercialization income derives from a drop in the organic movement related to the release of a competitive product (*Diablo Immortal*) in 2022.

### HOPA Games

In Q3 2023, the Company continued implementing its strategy for the HOPA games segment, which placed particular emphasis on maximizing profitability and a positive cash flow for this segment.

In the period in question, this segment’s revenue decreased by 17% to PLN 2.3 million. Decreased sales are a direct outcome of the implemented segment strategy aimed at maximizing segment profitability while keeping capital expenditure to a minimum. In Q3 of this year, the Company continued to port past releases to console platforms. During this period, the Company made *The Myth Seekers: The Legacy of Vulcan* available to PS3/PS4, Xbox, and Nintendo Switch users, and *Eventide 3: Legacy of Legends* to Nintendo Switch users. At the end of September 2023, a total of 50 games from Artifex Mundi’s entire portfolio were available on at least two console platforms.

### Premium games

In Q3 2023 and afterwards, the Company continued to commercialize the premium game projects completed in previous years.

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## Factors that will influence the results of upcoming quarters

### Short-term perspective

The Company’s management board is of the opinion that the following events will significantly impact the Company’s financial performance in the next twelve months:

- a) Development of *Unsolved*, its on-going commercialization, including the effectiveness of acquiring new users for the application via UA campaigns, and the ability to reach the target KPIs with an expanded application user base;
- b) Development of a new game project by the RPG studio;
- c) Interest in Artifex Mundi’s HOPA games releases;
- d) Expansion of the distribution channels for the HOPA game portfolio by, among other things, releasing games from Artifex Mundi’s portfolio on consoles, including new generation consoles;

- e) Commercialization of Bladebound, including the impact of the current sales results on the balance sheet measurement of the project;
- f) The war in Ukraine and its impact on, among other things, currency markets.

### **Long-term perspective**

The Company's management board is of the opinion that the implementation of Artifex Mundi's strategy, including the pursuit of operational goals covered thereby, will, in the long run, have a positive impact on the Company's financial performance and goodwill for the Stockholders.





# 2

## **Artifex Mundi S.A. Selected financial data for Q3 2023**

## Selected financial data

	Average exchange rate in the period of *	Minimum exchange rate in the period of	Maximum exchange rate in the period of	Exchange rate as at the last day of the period of
01/01/2023 to 09/30/2023	4.5773	4.6784	4.6356	4.6356
01/01/2022 to 12/31/2022	4.6883	4.4879	4.9647	4.6899
01/01/2022 to 09/30/2022	4.6880	4.4879	4.9647	4.8698

\* an average exchange rate of the last day of each month in a given period

Individual asset and liability items were converted at the exchange rates published by the National Bank of Poland of the last day of a period.

Individual items of the profit and loss account and the cash flow statement in EUR are converted using the exchange rates calculated as the arithmetical mean of average exchange rates published by the National Bank of Poland, valid of the last day of each month in a given reporting period.

	PLN		EUR	
	01/01/2023 to 09/30/2023	01/01/2022 to 09/30/2022	01/01/2023 to 09/30/2023	01/01/2022 to 09/30/2022
Net revenue from sales	59,147,488	29,646,580	12,921,917	6,323,929
Operating income	16,280,029	8,159,237	3,556,688	1,740,452
Profit before taxes	16,150,883	8,848,207	3,528,474	1,887,416
Profit generated in a period	14,290,612	7,821,988	3,122,061	1,668,513
Net cash flow from operating activities	2,371,725	4,549,531	518,149	970,463
Net cash flow from investment activities	-1,665,634	-13,950,270	-363,890	-2,975,740
Net cash flow from financial activities	-574,516	-708,795	-125,514	-151,193
Total net cash flow	131,604	-10,217,047	28,751	-2,179,404

	PLN		EUR	
	01/01/2023 to 09/30/2023	01/01/2022 to 12/31/2022	01/01/2023 to 09/30/2023	01/01/2022 to 12/31/2022
Total assets	84,582,601	65,006,488	18,246,311	13,860,954
Liabilities and provisions for liabilities	14,733,323	9,817,219	3,178,299	2,093,268
Long-term liabilities	703,732	1,141,379	151,810	243,370
Short-term liabilities	14,029,591	8,675,840	3,026,489	1,849,899
Equity	69,849,278	55,189,269	15,068,012	11,767,686
Number of shares	11,897,000	11,897,000	11,897,000	11,897,000
Profit per share	1.20	1.01	0.26	0.22
Book value per share	5.87	4.64	1.27	0.99

## Profit and loss statement for the period ended September 30, 2023

	07/01/2023 to 09/30/2023	01/01/2023 to 09/30/2023	07/01/2022 to 09/30/2022	01/01/2022 to 09/30/2022
<b>Revenue</b>	<b>23,611,404</b>	<b>59,147,488</b>	<b>8,876,593</b>	<b>29,646,580</b>
<b>Costs of goods sold</b>	<b>2,447,263</b>	<b>6,959,792</b>	<b>2,140,859</b>	<b>6,882,415</b>
<b>Gross profit from sales</b>	<b>21,164,141</b>	<b>52,187,696</b>	<b>6,735,734</b>	<b>22,764,165</b>
Selling expenses	13,070,428	31,682,436	2,869,315	10,188,009
General administrative expenses	1,645,623	4,215,364	1,398,455	4,607,266
<b>Net profit on sales</b>	<b>6,448,090</b>	<b>16,289,896</b>	<b>2,467,964</b>	<b>7,968,890</b>
Other operating revenue	45,529	231,505	44,106	212,675
Other operating expenses	75,709	241,372	4,765	22,328
<b>Operating result</b>	<b>6,417,910</b>	<b>16,280,029</b>	<b>2,507,305</b>	<b>8,159,237</b>
Financial revenue	287,640	967,716	415,500	2,938,300
Financial expenses	1,710,422	1,096,862	712,764	2,249,330
<b>Profit before taxes</b>	<b>4,995,128</b>	<b>16,150,883</b>	<b>2,210,041</b>	<b>8,848,207</b>
Income tax	536,694	1,860,271	465,099	1,026,219
<b>Profit or loss in the period</b>	<b>4,458,434</b>	<b>14,290,612</b>	<b>1,744,942</b>	<b>7,821,988</b>
Profit attributable to stockholders of the parent company	4,458,434	14,290,612	1,744,942	7,821,988
Profit attributable to non-controlling interest	0	0	0	0

## Balance sheet as of September 30, 2023

	09/30/2023	12/31/2022	09/30/2022
<b>Fixed assets</b>	<b>9,801,980</b>	<b>5,623,019</b>	<b>4,957,285</b>
Tangible fixed assets	1,741,151	2,000,472	2,016,588
Intangible assets	60,424	66,064	71,791
Financial assets	5,182,250	0	5,000
Receivables	323,472	204,533	200,618
Deferred income tax assets	2,494,683	3,351,950	2,663,288
<b>Current assets</b>	<b>74,780,621</b>	<b>59,383,469</b>	<b>56,339,339</b>
Capitalized costs of computer games	43,471,870	32,375,865	28,892,410
Trade and other receivables	13,224,243	5,495,994	5,922,532
Income tax receivables	0	278,395	91,740
Financial assets	14,789,401	18,069,712	17,179,878
Cash and cash equivalents	3,295,107	3,163,503	4,252,779
<b>Total assets</b>	<b>84,582,601</b>	<b>65,006,488</b>	<b>61,296,624</b>

	09/30/2023	12/31/2022	09/30/2022
<b>Equity</b>	<b>69,849,278</b>	<b>55,189,269</b>	<b>50,542,893</b>
Share capital	118,970	118,970	118,970
Capital from the sale of stock in excess of its nominal value	24,331,352	24,331,352	24,331,352
Revaluation surplus	3,226,298	2,856,901	2,454,353
Retained earnings	42,172,658	27,882,046	23,638,218
<b>Liabilities</b>	<b>14,733,323</b>	<b>9,817,219</b>	<b>10,753,731</b>
<b>Long-term liabilities</b>	<b>703,732</b>	<b>1,141,379</b>	<b>1,281,960</b>
Deferred income tax liabilities	703,732	643,987	618,499
Lease liabilities	0	497,392	663,461
<b>Short-term liabilities</b>	<b>14,029,591</b>	<b>8,675,840</b>	<b>9,471,771</b>
Trade and other liabilities	11,574,150	5,857,637	6,142,310
Income tax liabilities	637,016	0	0
Other short-term provisions	626,086	1,574,088	322,000
Lease liabilities	673,534	750,580	763,772
Other financial liabilities	518,805	493,535	2,243,689
<b>Equity and Liabilities</b>	<b>84,582,601</b>	<b>65,006,488</b>	<b>61,296,624</b>

### Statement of changes in equity as of September 30, 2023

	Capital stock	Capital from the sale of stock in excess of its minimum value	Revaluation surplus	Retained earnings	Equity attributable to stockholders	Total capital
<b>Status at 01/01/2023</b>	<b>118,970</b>	<b>24,331,352</b>	<b>2,856,901</b>	<b>27,882,046</b>	<b>55,189,269</b>	<b>55,189,269</b>
Profit or loss in the period	0	0	0	14,290,612	14,290,612	14,290,612
<b>Total comprehensive income</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>14,290,612</b>	<b>14,290,612</b>	<b>14,290,612</b>
IFRS2 Incentive Program	0	0	369,397	0	369,397	369,397
<b>Total change in equity</b>	<b>0</b>	<b>0</b>	<b>369,397</b>	<b>14,290,612</b>	<b>14,660,009</b>	<b>14,660,009</b>
<b>Total as at 09/30/2023</b>	<b>118,970</b>	<b>24,331,352</b>	<b>3,226,298</b>	<b>42,172,658</b>	<b>69,849,278</b>	<b>69,849,278</b>

	Capital stock	Capital from the sale of stock in excess of its minimum value	Revaluation surplus	Retained earnings	Equity attributable to stockholders	Total capital
<b>Status as of 01/01/2022</b>	<b>118,970</b>	<b>24,331,352</b>	<b>1,246,708</b>	<b>15,816,231</b>	<b>41,513,261</b>	<b>41,513,261</b>
Profit or loss in the period	0	0	0	12,065,815	12,065,815	12,065,815
<b>Total comprehensive income</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>12,065,815</b>	<b>12,065,815</b>	<b>12,065,815</b>
IFRS2 Incentive Program	0	0	1,610,193	0	1,610,193	1,610,193
<b>Total change in equity</b>	<b>0</b>	<b>0</b>	<b>1,610,193</b>	<b>12,065,815</b>	<b>13,676,008</b>	<b>13,676,008</b>
<b>Total as of 12/31/2022</b>	<b>118,970</b>	<b>24,331,352</b>	<b>2,856,901</b>	<b>27,882,046</b>	<b>55,189,269</b>	<b>55,189,269</b>



	Capital stock	Capital from the sale of stock in excess of its minimum value	Revaluation surplus	Retained earnings	Equity attributable to stockholders	Total capital
<b>Status as of 01/01/2022</b>	<b>118,970</b>	<b>24,331,352</b>	<b>1,246,708</b>	<b>15,816,231</b>	<b>41,513,261</b>	<b>41,513,261</b>
Profit or loss in the period	0	0	0	7,821,987	7,821,987	7,821,987
<b>Total comprehensive income</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>7,821,987</b>	<b>7,821,987</b>	<b>7,821,987</b>
IFRS2 Incentive Program	0	0	1,207,645	0	1,207,645	1,207,645
<b>Total change in equity</b>	<b>0</b>	<b>0</b>	<b>1,207,645</b>	<b>7,821,987</b>	<b>9,029,632</b>	<b>9,029,632</b>
<b>Total as of 09/30/2022</b>	<b>118,970</b>	<b>24,331,352</b>	<b>2,454,353</b>	<b>23,638,218</b>	<b>50,542,893</b>	<b>50,542,893</b>

## Cash flow statement as of September 30, 2023

	01/01/2023 to 09/30/2023	01/01/2022 to 09/30/2022
<b>Cash flow from operating activities</b>		
<b>Net profit</b>	<b>14,290,612</b>	<b>7,821,988</b>
Adjusted by:	-11,891,039	-4,641,538
Depreciation	761,938	694,607
Foreign exchange gains (-) / (losses (+))	25,241	1,817,550
Interest and commission gains (-) / (losses (+))	-724,184	103,992
Received dividends	0	-2,455,199
Loss from investment activity	-9,020	-150,608
Change in provisions	-888,257	-408,742
Change in capitalized game costs	-10,817,610	-7,186,159
Changes in amounts receivable	-6,962,073	-79,551
Change in short-term liabilities, excluding loans and credits	6,353,529	2,503,593
Other adjustments from operating activities	369,397	518,979
<b>Cash flow from operating activities</b>	<b>2,399,573</b>	<b>3,180,450</b>
Income tax paid (-) / reimbursed (+)	-27,848	1,369,081
<b>Net cash flow from operating activities</b>	<b>2,371,725</b>	<b>4,549,531</b>
<b>Cash flow from investment activities</b>		
Disposal of fixed and intangible assetst	18,562	1,829
Acquisition of fixed and intangible assets	-506,520	-66,998
Dividend proceeds	0	2,455,199
Bond acquisition	-19,990,285	-16,491,213
Proceeds from bond sales	18,000,000	0
Interest on bonds	1,031,169	0
Commission on bonds	-218,560	0
Other proceeds from investment activities	0	150,913
<b>Net cash from investment activities</b>	<b>-1,665,634</b>	<b>-13,950,270</b>
<b>Cash flow from financial activities</b>		
Finance lease payments	-574,437	-604,955
Repayments of credits and loans	0	0
Interest and bank commissions	-79	-103,840
<b>Net cash from financial activities</b>	<b>-574,516</b>	<b>-708,795</b>
<b>Change in cash prior to foreign exchange differences</b>	<b>131,575</b>	<b>-10,109,534</b>
<b>Effects of exchange rate changes concerning cash and cash equivalents</b>	<b>29</b>	<b>-107,513</b>
<b>Cash changes</b>	<b>131,604</b>	<b>-10,217,047</b>
<b>Cash opening balance</b>	<b>3,163,503</b>	<b>14,469,826</b>
<b>Cash closing balance</b>	<b>3,295,107</b>	<b>4,252,779</b>