



Artifex Mundi S. A.  
Summary of the Company's Financial Report  
for Q1 2024



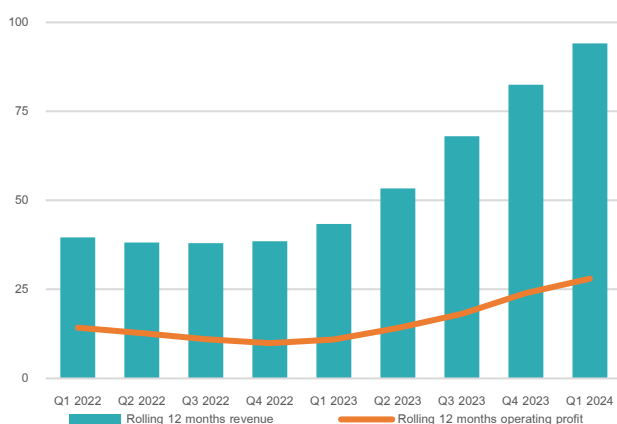
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## Q1 2024 AT A GLANCE

## Highlights of Q1 2024

- **72%** increase in sales revenues to **27.5 million PLN**
- **67%** increase in normalized EBITDA to **9.6 million PLN**
- **97%** EBIT increase to **8.2 million PLN**
- **85%** increase in net profit to **7.4 million PLN**
- **2** game projects in development
- **40%** increase in game production expenditure to **6.3 million PLN**
- **110** – average employment in Q1 2024

LTM revenues and EBIT



Quarterly revenues and EBIT



## Financial results for Q1 2024

### Sales revenue

in thousands PLN	Q1 2024	Q1 2023
<b>Total revenue, including:</b>	<b>27,503</b>	<b>15,928</b>
Free-to-play games, including:	24,955	12,790
Unsolved, including:	24,731	12,268
Advertising revenue	4,587	2,564
HOPA Games	2,481	3,032
Premium games	68	106

In Q1 2024, the Company reported a 95% increase in the commercialization of the *free-to-play* segment, reaching nearly 25 million PLN. This growth is attributable to the development of *Unsolved*, with its revenue having increased by 102% to 24.7 million. Revenues from the sale of premium model HOPA games during the analyzed period decreased by 18%.

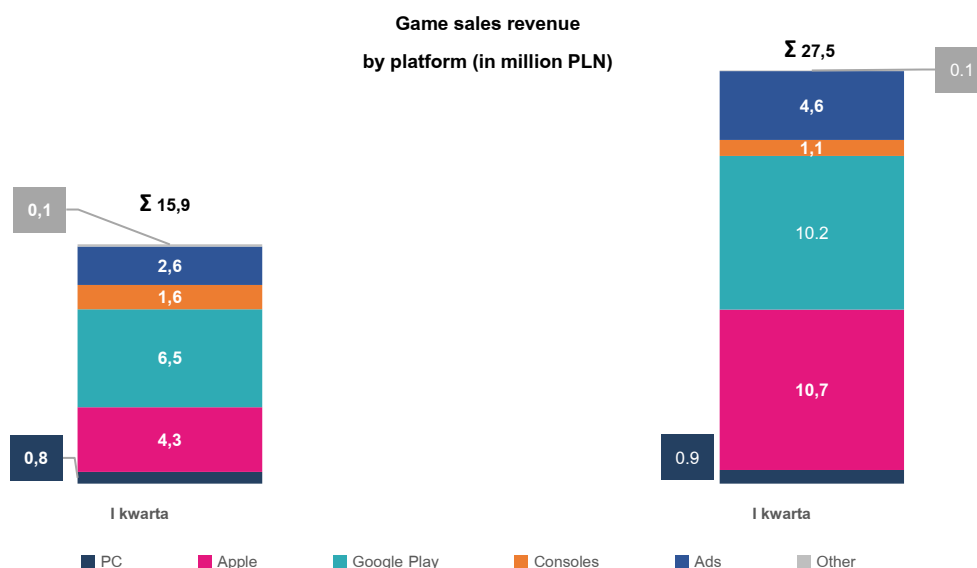
## Key products of the Company

List of best-selling games	Share in the game sales revenue in Q1 2024.
Unsolved	89.9%
Bladebound	0.8%
Tibetan Quest: Beyond World's End	0.4%
Enigmatis 2: The Mists of Ravenwood	0.4%
Grim Legends: The Forsaken Bride	0.3%
The Myth Seekers: The Legacy of Vulcan	0.3%
Tiny Tales: Heart of the Forest	0.3%
Yuletide Legends: Who Framed Santa Claus	0.3%
The Myth Seekers 2: The Sunken City	0.3%
Lost Grimoires 3	0.3%
Other	6.7%

The title from the Company's portfolio that generated the highest revenue in Q1 this year was *Unsolved*. It accounted for almost 90% of the Company's sales in the assessed period.

## Distribution channels

The primary source of the Company's revenue from game sales in Q1 2024 was sales made via the Apple Store (39% of the Company's total sales) and Google Play (37% of total sales), reflecting 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 thousands PLN)	Q1 2024	Q1 2023
Costs of goods sold	3,204	2,218
Selling expenses	14,193	8,145
General administrative expenses	1,930	1,419
<b>Total</b>	<b>19,327</b>	<b>11,782</b>
Expense-to-revenue ratio for the quarter (per cent)	70%	74%

In Q1 2024, the Company recognized 19.3 million PLN in costs of goods sold (COGS) as well as general and selling expenses compared to 11.8 million PLN in the same period in 2023. The Company's expense-to-revenue ratio in Q1 2024 amounted to 70% compared to 74% in the previous year. The spike in the Company's operating costs in Q1 2024 was largely impacted by elevated user acquisition costs for *Unsolved*, which are recognized in selling expenses.

Recognized costs (in thousands PLN)	Q1 2024	Q1 2023
Royalties	1,896	993
Free-to-play games amortization	1,050	1,055
HOPA games amortization	80	81
Premium game amortization	0	0
Selling expenses	14,193	8,145
General administrative expenses	1,930	1,419
Other	178	89
<b>Costs recognized in the profit and loss account</b>	<b>19,327</b>	<b>11,782</b>

## EBITDA

in thousands PLN	Q1 2024	Q1 2023
<b>Operating result</b>	<b>8,165</b>	<b>4,136</b>
Adjusted by:		
a) computer game amortization	1,130	1,135
b) depreciation of property, plant & equipment and amortization of intangible assets	110	55
<b>EBTIDA</b>	<b>9,404</b>	<b>5,326</b>
Adjusted by:		
a) game write-downs	0	0
b) incentive scheme costs	185	403
<b>Normalized EBITDA</b>	<b>9,589</b>	<b>5,729</b>



## Capitalized costs of computer games

Capitalized costs of computer games (in thousands PLN)	March 31, 2024	December 31, 2023
<b>Free-to-play games, including:</b>	<b>54,202</b>	<b>48,975</b>
Unsolved	12,269	10,331
New game from the RPG studio	22,555	18,942
Bladebound	1,291	1,666
R&D projects	17,059	16,964
<b>HOPA Games</b>	<b>166</b>	<b>197</b>
<b>Total</b>	<b>54,368</b>	<b>49,172</b>

The majority of the 'Capitalized costs of computer games' balance sheet item of Artifex Mundi is attributed to expenses associated with *free-to-play* game production. At the end of March 2024, the capitalized costs of *free-to-play* games amounted to 54.2 million PLN compared to 49.2 million PLN at the end of 2023.

## Most significant events of Q1 2024 and until the date of the report

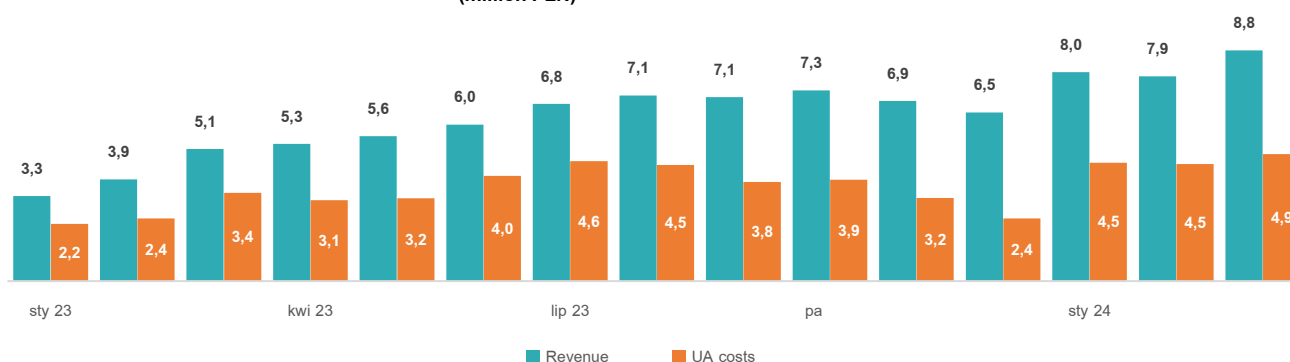
### Free-to-play games

In Q1 2024, following the updated development strategy, the Company prioritized the development of two key projects: *Unsolved* and a new RPG.

### Unsolved

An application that integrates best games from Artifex Mundi's HOPA games portfolio and provides users with free, unlimited-in-time entertainment 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 investment in user acquisition**  
(million PLN)



In Q1 2024, the development of the current version of the game continued and involved, among other things, increasing the number of titles in the application from 43 available at the end of 2023 to 45, as well as implementing and optimizing the mechanics and new functionalities. At the same time, the game engine was developed to expand *Unsolved* to involve a metagame, i.e., a layer offering additional gameplay mechanics for engaged users and increasing the game's monetization potential.

In the previous period, the Company expanded its user acquisition campaigns, both in the YoY and QoQ perspective, using social media platforms and advertisements across Apple, Google Ads, and other ecosystems. The total user acquisition expenses for *Unsolved* in Q1 2024 amounted to 13.9 million PLN as opposed to 8.0 million PLN in Q1 2023.

The development of *Unsolved* combined with the advertising campaigns led to an increase in game commercialization revenue, which in Q1 2024 reached 24.7 PLN million as opposed to 12.3 million PLN in the previous year. The gross margin on game commercialization (revenue minus acquisition costs) recorded a 155% YoY increase to 10.8 million PLN.

## New RPG

Artifex Mundi is developing a new RPG project that aspires to AAA mobile game. This project is the studio's strategic project that engages the bulk of the studio's resources.

In the past quarter, project development was on schedule. The works were concentrate around content expansion and game mechanics. According to the game development schedule further user tests will take place in the mid-2024. Assuming that project verification is successful, the game will be revealed and marketing activities will commence in the second half of 2024.

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

## Bladebound

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

In Q1 2024 and immediately thereafter, the Company focused on maximizing game profit while minimizing maintenance expenses. The *Bladebound* commercialization revenue for that period amounted to 0.2 million PLN as opposed to 0.5 million PLN in the same period in 2023. Lower commercialization income derives from the game life cycle and from competitive titles, such as *Diablo Immortal*, which caused a drop in the organic movement for *Bladebound*.

## HOPA Games

In Q1 2024, 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 analyzed period, segment revenue amounted to 2.48 million PLN, while one year prior it was 3 million PLN. Lower sales are a consequence of, among other things, the life cycle of the games available for sale and the lack of new releases. The largest segment of HOPA games commercialization (premium model) from the Company's portfolio in the previous quarter was consoles, which accounted for 41% of the segment's revenue. The commercialization of game versions for PCs brought in 0.6 million PLN in revenue, while mobile versions accounted for 0.8 million PLN.

In 2024, the Company continued the porting of games from the release portfolio to console platforms. At the end of March 2024, a total of 54 games from Artifex Mundi's portfolio were available on at least two console platforms.

## Premium games

In Q1 2024 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 in the upcoming quarters

### Short-term perspectives

The Company's management board is of the opinion that the following elements will significantly impact the Company's NTM financial performance:

- a) The development of *Unsolved*, including the achievement of the targeted positive changes to the game's KPIs (due to game expansion) as well as the efficiency and cost effectiveness of new user acquisition for the application via acquisition campaigns.
- b) Development of a new game project by the RPG studio.
- c) Interest in Artifex Mundi's HOPA games release offer.
- d) 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-term perspective, have a positive impact on the Company's financial performance and goodwill for the Stockholders.



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## **Artifex Mundi S.A. Selected financial data for Q1 2024**



## Selected financial data

	Average exchange rate in the period*	Minimum exchange rate in the period	Maximum exchange rate in the period	Exchange rate on the last day of the period
01/01/2024 to 03/31/2024	4.3211	4.2804	4.4016	4.3009
01/01/2023 to 12/31/2023	4.5284	4.3053	4.7895	4.3480
01/01/2023 to 03/31/2023	4.7005	4.6688	4.7895	4.6755

\* Average exchange rate on 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 as 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 on the last day of each month in a given reporting period.

	PLN		EUR	
	01/01/2024 to 03/31/2024	01/01/2023 to 03/31/2023	01/01/2024 to 03/31/2024	01/01/2023 to 03/31/2023
Net revenue from sales	27,503,209	15,928,143	6,364,863	3,388,606
Operating income	8,164,642	4,136,407	1,889,482	879,993
Profit before taxes	8,152,505	4,517,465	1,886,674	961,060
Profit generated in a period	7,404,032	3,996,664	1,713,460	850,263
Net cash flows from operating activities	1,102,830	-57,723	255,220	-12,280
Net cash flows from investment activities	-4,303,486	1,980,962	-995,924	421,436
Net cash flows from financial activities	-300,870	-283,751	-69,628	-60,366
Total net cash flows	-3,501,526	1,634,920	-810,332	347,817

	PLN		EUR	
	01/01/2024 to 03/31/2024	01/01/2023 to 12/31/2023	01/01/2024 to 03/31/2024	01/01/2023 to 12/31/2023
Total assets	106,884,546	98,877,508	24,735,495	22,740,917
Liabilities and provisions for liabilities	18,633,413	18,215,109	4,312,192	4,189,307
Long-term liabilities	1,442,769	1,193,896	333,889	274,585
Short-term liabilities	17,190,644	17,021,214	3,978,303	3,914,723
Equity	88,251,131	80,662,401	20,423,302	18,551,610
Number of shares of stock	11,897,000	11,897,000	11,897,000	11,897,000
Profit per share of stock	0.62	2.09	0.14	0.46
Book value per share of stock	7.42	6.78	1.72	1.56

## Profit and loss statement for the period ended March 31st, 2024

	01/01/2024 to 03/31/2024	01/01/2023 to 03/31/2023
<b>Revenue</b>	<b>27,503,209</b>	<b>15,928,143</b>
<b>Costs of goods sold</b>	<b>3,203,901</b>	<b>2,218,043</b>
<b>Gross profit on sales</b>	<b>24,299,308</b>	<b>13,710,100</b>
Selling expenses	14,192,802	8,145,206
General administrative expenses	1,930,255	1,419,012
<b>Net profit on sales</b>	<b>8,176,251</b>	<b>4,145,882</b>
Other operating revenue	81,114	91,660
Other operating expenses	92,723	101,135
<b>Operating result</b>	<b>8,164,642</b>	<b>4,136,407</b>
Financial revenues	447,229	676,445
Financial expenses	459,366	295,387
<b>Profit before taxes</b>	<b>8,152,505</b>	<b>4,517,465</b>
Income tax	748,473	520,801
<b>Profit or loss in the period</b>	<b>7,404,032</b>	<b>3,996,664</b>
Profit attributable to stockholders of the parent company	7,404,032	3,996,664
Profit attributable to non-controlling interest	0	0
<b>Profit per common shares of stock</b>	<b>0.62</b>	<b>0.34</b>

## Balance sheet as of March 31st, 2024

	03/31/2024	12/31/ 2023	03/31/2023
<b>Non-current assets</b>	<b>9,496,182</b>	<b>9,412,842</b>	<b>7,150,151</b>
Property, plant, and equipment	1,963,213	1,926,423	1,864,130
Intangible assets	52,414	56,419	69,421
Financial assets	4,881,615	4,748,535	2,022,400
Receivables	193,451	314,471	214,942
Deferred income tax assets	2,405,489	2,366,994	2,979,258
<b>Current assets</b>	<b>97,388,363</b>	<b>89,464,668</b>	<b>64,103,828</b>
Capitalized costs of computer games	54,368,130	49,171,334	35,755,846
Trade and other receivables	16,522,678	13,818,482	9,106,719
Income tax receivables	0	0	488,903
Financial assets	23,598,084	20,073,856	13,953,936
Cash and cash equivalents	2,899,471	6,400,996	4,798,424
<b>Total assets</b>	<b>106,884,545</b>	<b>98,877,510</b>	<b>71,253,979</b>

	03/31/2024	12/31/ 2023	03/31/2023
<b>Equity</b>	<b>88,251,131</b>	<b>80,662,401</b>	<b>59,588,481</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	3,595,693	3,410,995	3,259,449
Retained earnings	60,205,116	52,801,084	31,878,710
<b>Liabilities</b>	<b>18,633,414</b>	<b>18,215,109</b>	<b>11,665,498</b>
<b>Long-term liabilities</b>	<b>1,442,769</b>	<b>1,193,896</b>	<b>1,054,030</b>
Deferred income tax liabilities	1,442,769	1,193,896	747,574
Lease liabilities	0	0	306,456
<b>Short-term liabilities</b>	<b>17,190,645</b>	<b>17,021,213</b>	<b>10,611,468</b>
Trade and other liabilities	13,678,578	11,937,333	8,976,637
Income tax liabilities	819,860	350,887	0
Other short-term provisions	2,186,910	3,926,826	833,996
Lease liabilities	505,297	806,167	750,580
Other financial liabilities	0	0	50,255
<b>Equity and liabilities</b>	<b>106,884,545</b>	<b>98,877,510</b>	<b>71,253,979</b>

## Statement of changes in equity as of March 31st, 2024

	Capital stock	Premium on stock in excess of its minimum value	Revaluation surplus	Retained earnings	Equity attributable to stockholders	Total capital
<b>Status on 01/01/2024</b>	<b>118,970</b>	<b>24,331,352</b>	<b>3,410,995</b>	<b>52,801,084</b>	<b>80,662,401</b>	<b>80,662,401</b>
Profit or loss in the period	0	0	0	7,404,032	7,404,032	7,404,032
<b>Total comprehensive income</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>7,404,032</b>	<b>7,404,032</b>	<b>7,404,032</b>
IFRS2 Incentive scheme	0	0	184,698	0	184,698	184,698
<b>Total change in equity</b>	<b>0</b>	<b>0</b>	<b>184,698</b>	<b>7,404,032</b>	<b>7,588,730</b>	<b>7,588,730</b>
<b>Total on 03/31/2024</b>	<b>118,970</b>	<b>24,331,352</b>	<b>3,595,693</b>	<b>60,205,116</b>	<b>88,251,131</b>	<b>88,251,131</b>

	Capital stock	Premium on stock in excess of its minimum value	Revaluation surplus	Retained earnings	Equity attributable to stockholders	Total capital
<b>Status on 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	24,919,038	24,919,038	24,919,038
<b>Total comprehensive income</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>24,919,038</b>	<b>24,919,038</b>	<b>24,919,038</b>
IFRS2 Incentive scheme	0	0	554,094	0	554,094	554,094
<b>Total change in equity</b>	<b>0</b>	<b>0</b>	<b>554,094</b>	<b>24,919,038</b>	<b>25,473,132</b>	<b>25,473,132</b>
<b>Total on 12/31/2023</b>	<b>118,970</b>	<b>24,331,352</b>	<b>3,410,995</b>	<b>52,801,084</b>	<b>80,662,401</b>	<b>80,662,401</b>

	Capital stock	Premium on stock in excess of its minimum value	Revaluation surplus	Retained earnings	Equity attributable to stockholders	Total capital
<b>Status on 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	3,996,664	3,996,664	3,996,664
<b>Total comprehensive income</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3,996,664</b>	<b>3,996,664</b>	<b>3,996,664</b>
IFRS2 Incentive scheme	0	0	402,548	0	402,548	402,548
<b>Total change in equity</b>	<b>0</b>	<b>0</b>	<b>402,548</b>	<b>3,996,664</b>	<b>4,399,212</b>	<b>4,399,212</b>
<b>Total on 03/31/2023</b>	<b>118,970</b>	<b>24,331,352</b>	<b>3,259,449</b>	<b>31,878,710</b>	<b>59,588,481</b>	<b>59,588,481</b>

## Cash flow statement as of March 31st, 2024

	01/01/2024 to 03/31/2024	01/01/2023 to 03/31/2023
<b>Cash flows from operating activities</b>		
<b>Net profit</b>	<b>7,404,032</b>	<b>3,996,664</b>
Adjusted by:	-6,253,268	-3,843,878
Amortization/depreciation	409,934	245,397
Foreign exchange gains(-) / losses (+)	571,090	-438,711
Interest and commission gains(-) / losses (+)	-366,818	92,815
Received dividends	0	0
Loss on investment activity	-813	0
Change in provisions	-1,491,044	-636,505
Change in capitalized game costs	-5,196,796	-3,379,981
Changes in receivable amount	-2,621,671	-3,248,442
Change in short-term liabilities, excluding loans and credit	2,258,152	3,119,000
Other adjustments from operating activities	184,698	402,548
<b>Cash flows from operating activities</b>	<b>1,150,764</b>	<b>152,786</b>
Income tax paid (-) / reimbursed (+)	-47,934	-210,508
<b>Net cash flows from operating activities</b>	<b>1,102,830</b>	<b>-57,722</b>
<b>Cash flows from investment activities</b>		
Disposal of intangible assets and property, plant, & equipment	813	0
Acquisition of intangible assets and property, plant, & equipment	-442,718	-112,414
Dividend proceeds	0	0
Bond acquisition	-8,758,305	-9,369,012
Proceeds from bond sale	4,700,000	11,462,388
Interest on bonds	275,535	0
Commission on bonds	-78,811	0
Other proceeds from investment activities	0	0
<b>Net cash from investment activities</b>	<b>-4,303,486</b>	<b>1,980,962</b>
<b>Cash flows from financial activities</b>		
Finance lease payments	-300,870	-190,936
Repayments of credit and loans	0	0
Banking interest and commissions	0	-92,815
<b>Net cash from financial activities</b>	<b>-300,870</b>	<b>-283,751</b>
<b>Change in cash prior to foreign exchange differences</b>	<b>-3,501,526</b>	<b>1,639,488</b>
Effects of exchange rate changes concerning cash and cash equivalents	0	-4,568
<b>Cash changes</b>	<b>-3,501,526</b>	<b>1,634,920</b>
<b>Cash opening balance</b>	<b>6,400,996</b>	<b>3,163,503</b>
<b>Cash closing balance</b>	<b>2,899,470</b>	<b>4,798,423</b>