

## Current report No 11/2021

**Data:** 23 April 2021

**Subject:** Disclosure of delayed inside information concerning the conclusion by PCF Group S.A. of a transaction terms worksheet to take over the development team of Phosphor Games, LLC and granting a loan to People Can Fly U.S., LLC for the implementation of the PCF Group S.A. strategy

**Legal basis:** Article 17 Sections 1 and 4 of Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse (market abuse regulation) and repealing Directive 2003/6/EC of the European Parliament and of the Council and Commission Directives 2003/124/EC, 2003/125/EC and 2004/72/EC

### Report:

Acting pursuant to Article 17 Sections 1 and 4 of Regulation (EU) No. 596/2014 of the European Parliament and of the Council of 16 April 2014 (“**MAR**”), the Management Board of PCF Group S.A. (the “**Company**”) hereby discloses the following inside information concerning the signing of a transaction terms worksheet to take over the development team of Phosphor Games, LLC and granting a loan to People Can Fly U.S., LLC for the implementation of the PCF Group S.A. strategy (the “**Inside Information**”).

In view of the taking over of the Phosphor Games, LLC development team members on 23 April 2021, the Company has decided to make the Inside Information publicly available.

The disclosure of the Inside Information was delayed on 31 March 2021 pursuant to Article 17 Section 4 of MAR.

### Content of the delayed Inside Information:

„The Management Board of PCF Group S.A. with registered office in Warsaw (the “**Company**”) announces that on 31 March 2021 the Company signed a Transaction Terms Worksheet, (the “**Transaction Worksheet**”) with Phosphor Studios, LLC with its registered office in Chicago, USA, (“**PH Studio**”), Phosphor Games, LLC with its registered office in Chicago, USA (“**PH Games**”) and the shareholders of Phosphor Studios and Phosphor Games, setting out initial terms for a take-over of the Phosphor Games development team by a new vehicle established in the Company’s capital group, and initial terms of the agreements intended to implement the transaction. The Management Board also announces that exclusive negotiations with PH Studio, PH Games and the shareholders of PH Studio and PH Games concerning the take-over of the PH Games development team will be conducted until 30 April 2021.

Also on 31 March 2021 the Company granted a loan to its wholly-owned subsidiary People Can Fly U.S., LLC with its registered office in New York, USA, for the purposes related to the implementation of the Company group’s strategy, including establishing a wholly-owned subsidiary of People Can Fly U.S., LLC that will serve as a vehicle to take-over the development team of PH Games.

The amount of the loan is USD 5,000,000 (five million dollars) with annual interest at LIBOR plus 2 percentage points. The term of the loan is ten years. The loan is secured on assets of People Can Fly U.S. LLC, including intellectual property rights. The loan will be repaid in a single payment at the end of the loan term. The loan can be prepaid. The loan has been granted at arm’s length.

On the date of execution of the Transaction Worksheet and the loan agreement, People Can Fly U.S., LLC and PH Games were parties to the Work for Hire Agreement – a framework agreement on the basis of which PH Games provided services to People Can Fly U.S., LLC as a subcontractor for certain projects conducted by People Can Fly U.S., LLC.

The Management Board of the Company points out that the execution of the Transaction Worksheet and commencement of negotiations to take-over the PH Games development team by the Company's group does not mean that the take-over will actually be finalized."

**Rationale for delayed disclosure of the Inside Information:**

In the opinion of the Management Board, the delay in the disclosure of the said Inside Information complied, at the time the decision on the delay was taken, with the conditions set out in the MAR and in the guidelines of the European Securities and Markets Authority concerning delayed disclosure of inside information of 20 October 2016.

The Management Board of the Company believes that immediate disclosure of information on the conclusion of the Transaction Terms Worksheet and commencement of negotiations to take over the development team of PH Games and granting a loan to People Can Fly U.S., LLC by the Company with the aim of establishing of the subsidiary of People Can Fly U.S., LLC who will take over the PH Games development team could have prejudiced the Company's and its capital group's legitimate interests through a possible negative impact on the process and outcome of the negotiations.

In particular, the Management Board believes that the disclosure of the Inside Information might lead to a potential interaction of third parties which in turn could lead to the deterioration of the terms and conditions on which the transaction could have been concluded.

Furthermore, at the time the decision on the delay of the Inside Information was taken the outcome of the launched negotiations was difficult to foresee, and consequently the probability of concluding the transaction was unknown. Therefore, the Management Board decided that, in the given circumstances, immediate disclosure of the Inside Information might have resulted in a distorted assessment among the general public of that information and its potential impact on the Company's valuation.

In the opinion of the Management Board of the Company, there were no premises indicating that a delayed disclosure of the Inside Information could mislead the public, in particular since the Company had not made any prior public announcements on the subject matter of the Inside Information.

The Management Board of the Company also resolved that the confidentiality of the delayed information was assured at the time the decision on the delay was taken, in particular through preparing a continuously monitored and updated list of persons having access to the contemplated Inside Information, as required under Article 18 of MAR.

In accordance with Article 17 Section 4 of MAR, immediately following the publication of this report, the Company shall inform the Polish Financial Supervision Authority about the delayed disclosure of the Inside Information, indicating that the premises for such delay were satisfied.