

Current report No. 40/2021

Date: 29 August 2021

Subject: PCF Group S.A. executed an investment agreement with Square Enix Limited

Legal basis: Art. 17 Section 1 of the Market Abuse Regulation (MAR)

Report content:

The Management Board of PCF Group S.A. (the “**Company**”) hereby informs that on 29 August 2021 the Company and Square Enix Limited with its registered office in London, United Kingdom (the “**Publisher**”) entered into an investment agreement (the “**Warrants Agreement**”) determining the rights and obligations of the parties in relation to the issuance of the subscription warrants by the Company based on the resolution No. 5 of the Extraordinary General Shareholders’ Meeting of the Company dated 26 June 2020 on the issue of subscription warrants, the conditional share capital increase through the issue of ordinary series C shares, the exclusion of all the pre-emption rights of current shareholders in relation to all the subscription warrants and all series C shares, the seeking of admission and introduction of series C shares to trading on the regulated market operated by the Warsaw Stock Exchange, the dematerialization of series C shares and the authorization to execute an agreement on the registration of the series C shares in the depository of securities, and on amendments to the Company’s Articles of Association.

In the Warrants Agreement the Company agreed to offer subscription warrants issued pursuant to Article 453 § 2 of the Commercial Companies Code to the Publisher. The maximum number of warrants that can be issued and the maximum number of series C ordinary bearer shares that can be taken up in exercise of the rights under the warrants is 1,555,922. The warrants will be issued in tranches as part of series A. Each tranche of the warrants will be offered to the Publisher, as a rule after the end of each settlement period (the “**Settlement Period**”). A Settlement Period is any period in which the total amount of the Company’s revenues under agreements with the Publisher reach the aggregate value of PLN 45 million. The Settlement Periods commence and end in the period of time starting 1 January 2020 and ending 30 September 2024 (the “**Last Date of Settlement**”). When the amount of revenues exceeds the above threshold, the Settlement Period ends and the Company is obliged to offer to the Publisher a tranche of warrants due for that Settlement Period in a number equal to the quotient of the amount of PLN 4.5 million and PLN 50 being the final price of the Company’s shares offered to institutional investors in the Company’s public offer for shares based on the prospectus approved on 25 November 2020 by the Polish Financial Supervision Authority (the “**Final Price of the Offer Shares for Institutional Investors**”) (the “**Prospectus**”) (the “**Warrants Tranche**”). The maximum number of Settlement Periods and the maximum number of warrants tranches is six. If on the Last Date of Settlement the Publisher will not have acquired six tranches of warrants, the Company will be obliged to offer the warrants for the last open Settlement Period in a number corresponding to the proportion of the value of revenues earned in that open Settlement Period to the number of warrants in the Warrants Tranche. The Publisher will acquire the warrants without consideration. Each warrant authorizes the holder to acquire one series C share at the issue price equal to the Final Price of the Offer Shares for Institutional Investors. The Publisher is authorized to exercise the rights to take up the series C shares after it acquires the fourth tranche of the warrants (at that time it will be authorized to exercise the warrants issued in tranches one to four), and then after the acquisition of each subsequent tranche of warrants (fifth and sixth), provided that the Publisher acquires the fourth, fifth and sixth tranche of warrants, respectively, by the Last Date of Settlement. If on the Last Date of Settlement the Publisher will not have acquired the fourth tranche of the warrants as a result of not reaching the revenue threshold, the rights under the warrants acquired thus far will be exercisable as of 1 January 2025. The right to take up series C shares for all warrants can be exercised by 31 December 2025. In certain cases, in particular in the case of a change of control over the Company or actions aimed at delisting the Company from the Warsaw Stock Exchange, the dates for the Company’s offers of warrants to the Publisher and the dates

for taking up series C shares by the Company may be accelerated. The Warrants Agreement provides for the right of the Publisher to waive its right to take-up the series C shares of the Company in performance of the Publisher's rights available under the subscription warrants subject to the Company paying the contractual penalty only when the parties mutually agree they are no longer interested in enhancing their cooperation by way of the Publisher's investment in the Company's shares.

As a condition for offering each tranche of subscription warrants to the Publisher, on the date of each offer of warrants each of the publishing and development agreements for *Outriders*, *Project Gemini* as well as other similar agreements, if concluded with the Publisher in the future, must remain in force.

As at the date of this current report, the Company's revenues under the agreements with the Publisher exceeded PLN 90 million. This means that under the Warrants Agreement, the Company is obliged to offer to the Publisher and the Publisher is entitled to acquire the two tranches of the warrants. If the Publisher acquires the warrants, it will be entitled to exercise the right to acquire series C shares in exercise of the warrants on the terms and within the periods agreed in the Warrants Agreement.

As of the date of this current report the Company estimates that the maximum number of series C shares that the Publisher may take up in connection with the executed Warrants Agreement may represent approximately 1.8% of the Company's share capital.

The concluding of the Warrants Agreement puts an end to negotiations between the parties commenced as a result of the parties entering on 31 July 2020 into a Term Sheet regarding the parties' cooperation with respect to subscription warrants to be offered to the Publisher and the acquisition of series C shares by the Publisher in exercise of its rights vested under the warrants, on which Term Sheet the Company informed in the Prospectus.