

Current Report No. 48/2021

Date:	13 December 2021
Subject:	Signing the Share Purchase Agreement regarding the shares in Incuvo S.A.
Legal basis:	Article 17 Section 1 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

Content of the report:

The Management Board of PCF Group S.A. with its registered office in Warsaw (“**Company**”) announces that on 13 December 2021, the Company executed a share purchase agreement with OÜ Blite Fund, an Estonian limited liability company with its registered office in Tallin, Estonia (“**Seller**”), whereby the Company acquired 7,143,900 shares of INCUVO S.A. with its registered office in Katowice (“**Shares**”, “**Incuvo**”), constituting 50.01% of Incuvo’s share capital and representing 50.01% of the total number of votes at its General Meeting (“**SPA**”). The purchased shares are listed on NewConnect – an alternative trading system operated by the Warsaw Stock Exchange. The SPA was executed, and the Shares ownership title was effectively transferred to the Company, on 13 December 2021.

Incuvo engages primarily in the development of games for virtual reality (VR) platforms, and porting third-party games to VR platforms.

According to the SPA, the price for the Shares was PLN 19,995,776.00 (“**Purchase Price**”), however the Seller is entitled to an earn-out as an increase of the Purchase Price (“**Earn-Out**”) up to an amount calculated using the formula set out in the SPA. The Earn-Out amount will depend on (i) the profit (i.e., revenues decreased by, among other things, costs of production and platform commissions) generated by the video game “Green Hell VR” developed and published by Incuvo in the reference period set out in the SPA; and (ii) the level of game reviews on Metacritic. In any case, the Earn-Out cannot exceed PLN 11,595,725.00.

The SPA includes representations and warranties routinely included in similar agreements, a non-competition commitment for twelve months following the date of its execution, as well as provisions governing the terms of both parties’ liability.

At the same time, in relation to the acquisition of the Shares, the Company and the Seller executed the assignment agreements transferring the rights and obligations set out in the understandings between the Seller and Andrzej Wychowaniec and Radomir Kucharski, both being Management Board Members and shareholders of Incuvo. Pursuant to these understandings, both abovementioned board members are bound by a lock-up on their shares in Incuvo and obliged, without limitation, to act as Management Board Members of Incuvo and refrain from any activities competitive to Incuvo until 31 December 2024.

The acquisition is another step in the implementation of the Company’s and its Group’s strategy, and its goal is to expand and strengthen the Group’s video games development competencies in new areas.