



Current Report No. 2/2023

Date: 27 January 2023

Subject: Increasing PCF Group S.A. stake in share capital of Incuvo S.A.

Legal basis: Article 17 Section 1 of the MAR

Content of the report:

The Management Board of PCF Group S.A. with its registered office in Warsaw (the “**Company**”) announces that on 27 January 2023 the Management Board decided to take the necessary legal and factual actions relating to the increase of the Company’s stake in the Company’s subsidiary, Incuvo S.A. with its registered office in Katowice (“**Incuvo**”), by carrying out a transaction with selected shareholders of Incuvo, i.e. Andrzej Wychowaniec, President of the Management Board of Incuvo and Radomir Kucharski, Vice President of the Management Board for Products of Incuvo, aimed at exchanging Incuvo shares for the Company’s shares.

For this purpose, the Management Board decided to carry out, within the limits of the Company’s authorized capital (*kapitał docelowy*), the issue of 136,104 ordinary bearer series E shares of the Company (the “**New Shares**”), constituting approximately 0.45% of the Company’s share capital and representing approximately 0.45% of the total number of votes at the Company’s General Meeting, at the issue price of PLN 46.13 per New Share, i.e. in the total amount of PLN 6,278,477.52.

The New Shares will be offered to Andrzej Wychowaniec in the number of 87,820 New Shares and Radomir Kucharski in the number of 48,284 New Shares, excluding the preemptive right of existing shareholders of the Company, in exchange for Andrzej Wychowaniec and Radomir Kucharski contribution of Incuvo shares to the increased share capital of the Company i.e.: (a) by Andrzej Wychowaniec - 1,128,450 ordinary bearer shares of Incuvo, constituting approximately 7.90% of Incuvo’s share capital and representing approximately 7.90% of the total number of votes at the General Meeting of Incuvo, and (b) by Radomir Kucharski - 620,428 ordinary bearer shares of Incuvo, constituting approximately 4.34% of Incuvo’s share capital and representing approximately 4.34% of the total number of votes at the General Meeting of Incuvo.

On 27 January 2023 the Company received from Andrzej Wychowaniec and Radomir Kucharski a proposal to subscribe for the New Shares in accordance with the parameters described above, provided that by 28 February 2023 the Company’s governing bodies take the legally prescribed actions to increase the Company’s share capital within the limits of authorized capital through the issuance of New Shares.

The issue price of the New Shares was calculated based on the 6-month average market price of the Company's shares, calculated on the basis of the volume-weighted closing price in the period from 1 June 2022 to 30 November 2022. The method of calculating the issue price of the New Shares indicated above was correlated with the valuation of the proposed in-kind contribution. The value of Incuvo's equity was assessed by the statutory auditor in terms of estimating the fair value of Incuvo and was valued based on the weighted average value of Incuvo shares for the last six months as at 30 November 2022.

As a result of the transaction, the Company will increase its capital stake in Incuvo from 50.01% to approximately 62.25% of the share capital and from 50.01% to approximately 62.25% of the total number of votes at the General Meeting of Incuvo.

Increasing the Company's stake in the share capital of Incuvo is one of the elements of implementing the development strategy of the Company and PCF Group, which assumes, among others, (i) diversification of the type of games being developed, including virtual reality (VR) games, based on the competences and experience of Incuvo, as well as using VR competences within the international structures of the PCF Group, (ii) development of self-publishing and obtaining synergies in this respect and (iii) transferring the existing experience of the PCF Group to virtual reality.

New Shares will be subject to the same restriction on disposal of shares (lock-up) as in the case of the Company's shareholders who offered the Company's shares for sale in a public offering carried out in December 2020 based on the prospectus approved by the Polish Financial Supervision Authority on 25 November 2020. The lock-up will be in force until the end of December 2024.

The Management Board also decided to apply to the Supervisory Board of the Company for consent to determine the issue price of the New Shares and to exclude the pre-emptive rights of the existing shareholders of the Company with respect to the New Shares and to offer them in full to Andrzej Wychowaniec and Radomir Kucharski.

The Company will inform about further activities related to the execution of the transaction in accordance with and to the extent required by law.