

WARSAW | MAY 27TH 2024



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**PCF GROUP**  
**SPÓŁKA AKCYJNA**  
**GROUP**

**INTERIM CONSOLIDATED  
FINANCIAL STATEMENTS**

**FOR THE FIRST QUARTER OF 2024  
ENDED MARCH 31, 2024**

**PCF Group Spółka Akcyjna Group**  
**FINANCIAL HIGHLIGHTS TRANSLATED INTO THE EURO**

	PLN		EUR	
	31 Mar 2024	31 Dec 2023	31 Mar 2024	31 Dec 2023
<b>Statement of financial position</b>				
Assets	505,053	513,461	117,430	118,091
Non-current liabilities	41,228	32,321	9,586	7,434
Current liabilities	36,536	53,260	8,495	12,249
Equity	427,289	427,880	99,349	98,408
Equity attributable to owners of the Parent	422,305	422,756	98,190	97,230
PLN/EUR exchange rate at end of period	-	-	4.3009	4.3480

	PLN		EUR	
	1 Jan-31 Mar 2024	1 Jan-31 Mar 2023	1 Jan-31 Mar 2024	1 Jan-31 Mar 2023
<b>Statement of profit or loss</b>				
Revenue	56,881	34,917	13,164	7,428
Operating profit (loss)	3,996	(1,501)	925	(319)
Profit (loss) before tax	3,751	(3,231)	868	(687)
Net profit (loss)	(864)	(4,294)	(200)	(914)
Net profit (loss) attributable to owners of the Parent	(724)	(4,558)	(168)	(970)
Earnings per share (PLN)	(0.02)	(0.14)	(0.01)	(0.03)
Diluted earnings per share (PLN)	(0.02)	(0.14)	(0.01)	(0.03)
Average PLN/EUR exchange rate in period	-	-	4.3211	4.7005

	PLN		EUR	
	1 Jan-31 Mar 2024	1 Jan-31 Mar 2023	1 Jan-31 Mar 2024	1 Jan-31 Mar 2023
<b>Statement of cash flows</b>				
Net cash from operating activities	5,405	25,707	1,251	5,469
Net cash from investing activities	(13,916)	(29,792)	(3,220)	(6,338)
Net cash from financing activities	1,702	(2,481)	394	(528)
Total net cash flows (net of the effect of foreign currency translation on cash)	(6,809)	(6,566)	(1,575)	(1,397)
Average PLN/EUR exchange rate in period	-	-	4.3211	4.7005

## PCF Group Spółka Akcyjna

### FINANCIAL HIGHLIGHTS TRANSLATED INTO THE EURO

	PLN		EUR	
	31 Mar 2024	31 Dec 2023	31 Mar 2024	31 Dec 2023
<b>Statement of financial position</b>				
Assets	497,885	502,508	115,763	115,572
Non-current liabilities	11,226	12,382	2,610	2,848
Current liabilities	38,173	47,376	8,876	10,896
Equity	448,486	442,750	104,277	101,828
PLN/EUR exchange rate at end of period	-	-	4.3009	4.3480

	PLN		EUR	
	1 Jan-31 Mar 2024	1 Jan-31 Mar 2023	1 Jan-31 Mar 2024	1 Jan-31 Mar 2023
<b>Statement of profit or loss</b>				
Revenue	52,448	27,717	12,138	5,897
Operating profit (loss)	8,110	3,775	1,877	803
Profit (loss) before tax	8,192	2,628	1,896	559
Net profit (loss)	5,736	1,175	1,327	250
Earnings per share (PLN)	0.18	0.04	0.04	0.01
Diluted earnings per share (PLN)	0.17	0.04	0.04	0.01
Average PLN/EUR exchange rate in period	-	-	4.3211	4.7005

	PLN		EUR	
	1 Jan-31 Mar 2024	1 Jan-31 Mar 2023	1 Jan-31 Mar 2024	1 Jan-31 Mar 2023
<b>Statement of cash flows</b>				
Net cash from operating activities	15,892	35,877	3,678	7,633
Net cash from investing activities	(19,001)	(34,017)	(4,397)	(7,237)
Net cash from financing activities	(1,475)	(1,709)	(341)	(364)
Total net cash flows (net of the effect of foreign currency translation on cash)	(4,584)	151	(1,060)	32
Average PLN/EUR exchange rate in period	-	-	4.3211	4.7005

The financial data presented above has been translated into the EUR at the following exchange rates:

- items of the statement of profit or loss and the statement of cash flows – at the average exchange rate in the period, calculated as the mean of the exchange rates quoted by the National Bank of Poland for the last day of each month in the reporting period;

- items of the statement of financial position – at the mid exchange rate quoted by the National Bank of Poland for the last day of the reporting period.

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# PCF GROUP SPÓŁKA AKCYJNA GROUP

INTERIM CONSOLIDATED  
FINANCIAL STATEMENTS

FOR THE FIRST QUARTER OF 2024  
ENDED MARCH 31, 2024

## I. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AND NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### CONSOLIDATED STATEMENT OF FINANCIAL POSITION

<b>ASSETS</b>	Note	<b>31 Mar 2024</b>	31 Dec 2023
<b>Non-current assets</b>			
Goodwill		51,991	52,143
Intangible assets		188,903	167,506
Property, plant and equipment		11,956	12,105
Right-of-use assets		26,705	28,797
Receivables and loans advanced		117	117
Long-term prepayments and accrued income		268	57
Deferred tax assets		19,815	22,239
<b>Non-current assets</b>		<b>299,755</b>	<b>282,964</b>
<b>Current assets</b>			
Contract assets		13,323	8,611
Trade and other receivables		48,849	58,677
Current tax assets		2,012	1,173
Other current financial assets		20,208	35,397
Short-term prepayments and accrued income		2,552	2,623
Cash and cash equivalents		118,354	124,016
<b>Current assets</b>		<b>205,298</b>	<b>230,497</b>
<b>Total assets</b>		<b>505,053</b>	<b>513,461</b>



<b>EQUITY AND LIABILITIES</b>	Note	<b>31 Mar 2024</b>	31 Dec 2023
<b>Equity</b>			
<b>Equity attributable to owners of the Parent:</b>			
Share capital	4	719	719
Share premium	4	357,654	357,654
Other components of equity	4	45,858	45,585
Retained earnings		18,074	18,798
<b>Equity attributable to owners of the Parent</b>		<b>422,305</b>	<b>422,756</b>
<b>Non-controlling interests</b>		<b>4,984</b>	<b>5,124</b>
<b>Equity</b>		<b>427,289</b>	<b>427,880</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Borrowings, other debt instruments		5,390	1,637
Leases		21,919	23,598
Deferred tax liability		8,078	911
Long-term prepayments and accrued income		5,841	6,175
<b>Non-current liabilities</b>		<b>41,228</b>	<b>32,321</b>
<b>Current liabilities</b>			
Trade and other payables		22,170	13,240
Contract liabilities		233	3,863
Current tax liabilities		1,948	7,147
Borrowings, other debt instruments		1,477	1,490
Leases		5,524	5,988
Employee benefit obligations and provisions		2,413	1,733
Other short-term provisions		254	76
Short-term prepayments and accrued income		2,517	19,723
<b>Current liabilities</b>		<b>36,536</b>	<b>53,260</b>
<b>Total liabilities</b>		<b>77,764</b>	<b>85,581</b>
<b>Total equity and liabilities</b>		<b>505,053</b>	<b>513,461</b>

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Note	1 Jan-31 Mar 2024	1 Jan-31 Mar 2023
<b>Continuing operations</b>			
Revenue	3	56,881	34,917
Cost of sales	5	36,462	22,193
<b>Gross profit (loss)</b>		<b>20,419</b>	<b>12,724</b>
General and administrative expenses	5	16,793	14,325
Other income	5	491	203
Other expenses	5	121	103
<b>Operating profit (loss)</b>		<b>3,996</b>	<b>(1,501)</b>
Finance income	6	704	-
Finance costs	6	949	1,730
<b>Profit (loss) before tax</b>		<b>3,751</b>	<b>(3,231)</b>
Income tax		4,615	1,063
<b>Net profit (loss) from continuing operations</b>		<b>(864)</b>	<b>(4,294)</b>
<b>Discontinued operations</b>			
Net profit (loss) from discontinued operations		-	-
<b>Net profit (loss)</b>		<b>(864)</b>	<b>(4,294)</b>
<b>Net profit (loss) attributable to:</b>			
- owners of the Parent		(724)	(4,558)
- non-controlling interests		(140)	264

## EARNINGS (LOSS) PER ORDINARY SHARE (PLN)

	Note	1 Jan-31 Mar 2024	1 Jan-31 Mar 2023
<b>from continuing operations</b>			
- basic	7	(0.02)	(0.14)
- diluted	7	(0.02)	(0.14)
<b>from continuing and discontinued operations</b>			
- basic	7	(0.02)	(0.14)
- diluted	7	(0.02)	(0.14)

## CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

Note	<b>1 Jan-31 Mar 2024</b>	1 Jan-31 Mar 2023
<b>Net profit (loss)</b>	<b>(864)</b>	<b>(4,294)</b>
<b>Other comprehensive income</b>		
<b>Items reclassified to profit or loss</b>		
Exchange differences on translation of foreign operations	273	(1,812)
<b>Other comprehensive income, net of tax</b>	<b>273</b>	<b>(1,812)</b>
<b>Comprehensive income</b>	<b>(591)</b>	<b>(6,106)</b>
<b>Comprehensive income attributable to:</b>		
- owners of the Parent	(451)	(6,370)
- non-controlling interests	(140)	264



## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Equity attributable to owners of the parent				Total	Non-controlling interests	Total equity
	Share capital	Share premium	Other components of equity	Retained earnings			
<b>As at 1 Jan 2024</b>	<b>719</b>	<b>357,654</b>	<b>45,585</b>	<b>18,798</b>	<b>422,756</b>	<b>5,124</b>	<b>427,880</b>
<b>Changes in equity in 1 Jan–31 Mar 2024</b>							
Net profit (loss) for 1 Jan–31 Mar 2024	-	-	-	(724)	<b>(724)</b>	(140)	<b>(864)</b>
Other comprehensive income net of tax for 1 Jan–31 Mar 2024	-	-	273	-	<b>273</b>	-	<b>273</b>
<b>As at 31 Mar 2024</b>	<b>719</b>	<b>357,654</b>	<b>45,858</b>	<b>18,074</b>	<b>422,305</b>	<b>4,984</b>	<b>427,289</b>



Equity attributable to owners of the Parent

	Share capital	Share premium	Other components of equity	Retained earnings	Total	Non-controlling interests	Total equity
<b>As at 1 Jan 2023</b>	<b>599</b>	<b>121,869</b>	<b>54,988</b>	<b>94,850</b>	<b>272,306</b>	<b>5,323</b>	<b>277,629</b>
<b>Changes in equity in 1 Jan–31 Dec 2023</b>							
Cost of issue of Series C, Series E, Series F and Series G shares	-	(5,090)	-	-	<b>(5,090)</b>	-	<b>(5,090)</b>
Issue of Series E, Series F and Series G shares	120	240,875	-	-	<b>240,995</b>	-	<b>240,995</b>
Cost of Incuvo S.A. incentive scheme	-	-	209	-	<b>209</b>	-	<b>209</b>
Repayment of overpaid income tax for 2021 and 2022	-	-	-	665	<b>665</b>	-	<b>665</b>
Changes in Group structure (transactions with non-controlling shareholders)	-	-	(4,297)	-	<b>(4,297)</b>	(1,341)	<b>(5,638)</b>
Net profit (loss) for 1 Jan–31 Dec 2023	-	-	-	(76,717)	<b>(76,717)</b>	1,142	<b>(75,575)</b>
Other comprehensive income net of tax for 1 Jan–31 Dec 2023	-	-	(5,315)	-	<b>(5,315)</b>	-	<b>(5,315)</b>
<b>As at 31 Dec 2023</b>	<b>719</b>	<b>357,654</b>	<b>45,585</b>	<b>18,798</b>	<b>422,756</b>	<b>5,124</b>	<b>427,880</b>



Equity attributable to owners of the Parent

	Share capital	Share premium	Other components of equity	Retained earnings	Total	Non-controlling interests	Total equity
<b>As at 1 Jan 2023</b>	<b>599</b>	<b>121,869</b>	<b>54,988</b>	<b>94,850</b>	<b>272,306</b>	<b>5,323</b>	<b>277,629</b>
<b>Changes in equity in 1 Jan-31 Mar 2023</b>							
Issue of Series E shares	3	6,275	-	-	<b>6,278</b>	-	<b>6,278</b>
Changes in Group structure (transactions with non-controlling shareholders)	-	-	(4,909)	-	<b>(4,909)</b>	(1,341)	<b>(6,250)</b>
Net profit (loss) for 1 Jan-31 Mar 2023	-	-	-	(4,558)	<b>(4,558)</b>	264	<b>(4,294)</b>
Other comprehensive income net of tax for 1 Jan-31 Mar 2023	-	-	(1,812)	-	<b>(1,812)</b>	-	<b>(1,812)</b>
<b>As at 31 Mar 2023</b>	<b>602</b>	<b>128,144</b>	<b>48,267</b>	<b>90,292</b>	<b>267,305</b>	<b>4,246</b>	<b>271,551</b>

## CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	1 Jan–31 Mar 2024	1 Jan–31 Mar 2023
<b>Cash flows from operating activities</b>			
<b>Profit (loss) before tax</b>		<b>3,751</b>	<b>(3,231)</b>
<b>Adjustments:</b>			
Depreciation of property, plant and equipment	18	1,159	916
Amortisation of intangible assets	18	4,418	2,427
Depreciation of right-of-use asset	18	1,424	1,164
Gain/(loss) on sale of non-derivative financial assets		121	-
Foreign exchange gains (losses)		(927)	907
Interest expense		634	579
Interest and dividend income		(702)	-
Other adjustments		(269)	(844)
Change in receivables	18	13,491	5,833
Change in liabilities	18	8,502	5,443
Change in provisions, accruals and deferrals		(16,822)	1,185
Change in contract assets and liabilities		(8,342)	12,274
Income tax paid		(1,033)	(946)
<b>Net cash from operating activities</b>		<b>5,405</b>	<b>25,707</b>
<b>Cash flows from investing activities</b>			
Payments for intangible assets		(27,848)	(28,930)
Payments for property, plant and equipment		(1,650)	(862)
Payments for other financial assets		(121)	-
Proceeds from sale of other financial assets		15,000	-
Interest received		703	-
<b>Net cash from investing activities</b>		<b>(13,916)</b>	<b>(29,792)</b>
<b>Cash flows from financing activities</b>			
Transactions with non-controlling interests not resulting in loss of control		7	-
Proceeds from borrowings and subsidies		3,779	-
Repayment of borrowings		-	(578)
Payment of lease liabilities		(1,516)	(1,522)
Interest paid		(568)	(381)
<b>Net cash from financing activities</b>		<b>1,702</b>	<b>(2,481)</b>
<b>Total net cash flows</b>		<b>(6,809)</b>	<b>(6,566)</b>
Effect of foreign currency translation on cash		1,147	(551)
<b>Net change in cash</b>		<b>(5,662)</b>	<b>(7,117)</b>
Cash and cash equivalents at beginning of period		124,016	67,983
<b>Cash and cash equivalents at end of period</b>		<b>118,354</b>	<b>60,866</b>



# PCF GROUP SPÓŁKA AKCYJNA GROUP

INTERIM CONSOLIDATED  
FINANCIAL STATEMENTS

FOR THE FIRST QUARTER OF 2024  
ENDED MARCH 31, 2024



## NOTES TO THE FINANCIAL STATEMENTS

### 1. General information

#### The Parent

The parent of the PCF Group Spółka Akcyjna Group (the 'Group') is PCF Group Spółka Akcyjna (the 'Parent'). The Parent is entered in the Business Register of the National Court Register maintained by the District Court for the Capital City of Warsaw, 13th Commercial Division of the National Court Register, under No. KRS 0000812668. The Parent's Industry Identification Number (REGON) is 141081673.

The Parent's registered office is located at Al. Solidarności 171, 00-877 Warsaw, Poland.

It is also the principal place of business of the Group.

#### Composition of the Parent's Management Board and Supervisory Board

As at the date of authorisation of these consolidated financial statements for issue, the Management Board of the Parent consisted of:

- **Sebastian Kamil Wojciechowski**, President of the Management Board.

In the period from 1 April 2024 to the date of authorisation of these interim condensed consolidated financial statements for issue, the composition of the Management Board did not change.

As at the date of authorisation of these interim condensed consolidated financial statements for issue, the Supervisory Board of the Parent consisted of:

- **Mikołaj Wojciechowski** – Chair of the Supervisory Board,
- **Jacek Pogonowski** – Member of the Supervisory Board,
- **Barbara Sobowska** – Member of the Supervisory Board,
- **Kuba Dudek** – Member of the Supervisory Board,
- **Dagmara Zawadzka** – Member of the Supervisory Board.

In the period from 1 January 2024 to the date of authorisation of these consolidated financial statements for issue, the composition of the Supervisory Board did not change.

#### Business of the Group

The principal business of the Parent and its subsidiaries is development and publishing of video games. For a more detailed description of the business of the Group, see Note 3 on revenue and operating segments.

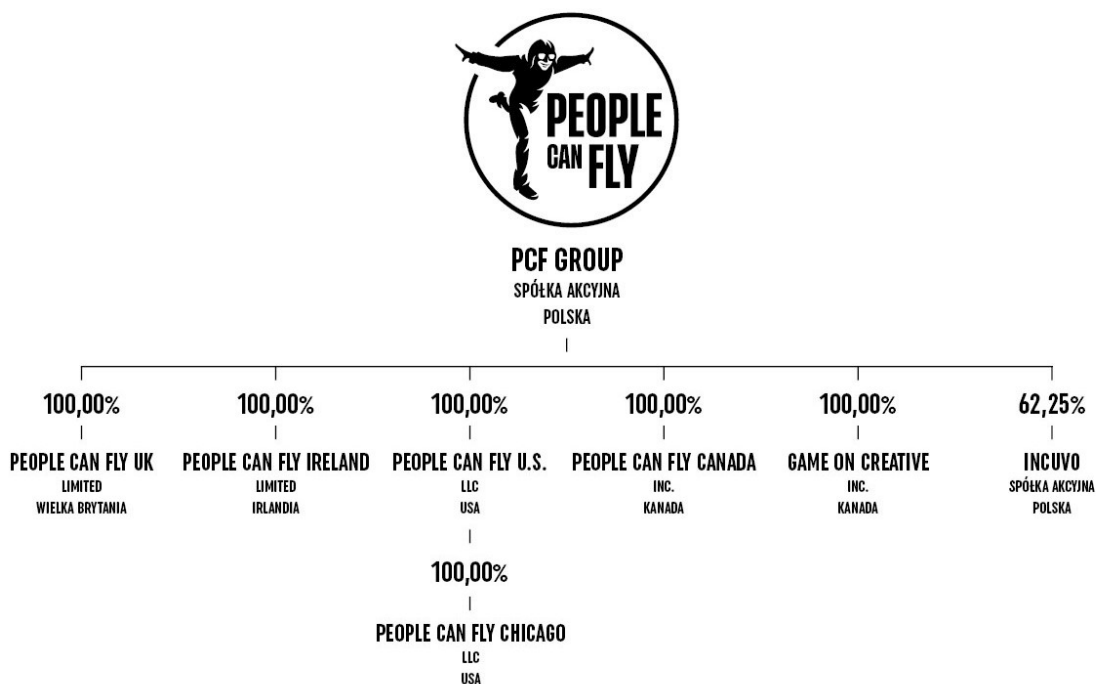
#### Composition of the Group

PCF Group S.A. is the Parent of the PCF Group S.A. Group. The Group comprises the following subsidiaries:

- People Can Fly UK Limited, United Kingdom, Parent's equity interest: 100%,
- People Can Fly Ireland Limited, Ireland, Parent's equity interest: 100%,
- People Can Fly U.S. LLC, USA, Parent's equity interest: 100%,

- People Can Fly Chicago LLC, USA, People Can Fly U.S. LLC's equity interest: 100%,
- People Can Fly Canada Inc., Canada, Parent's equity interest: 100%,
- Game On Creative Inc., Canada, Parent's equity interest: 100%,
- Incuvo S.A., Poland, Parent's equity interest: 62.25%.

PCF Group S.A. is the Parent of the PCF Group S.A. Group. The chart below presents the composition and structure of the Group as at 31 March 2024.



The Parent has a branch, trading under the name PCF Group Spółka Akcyjna Oddział w Rzeszowie "Oddział Badawczo Rozwojowy" (Research and Development Branch), located at ul. Wrzesława Romańczuka 6, 35-302 Rzeszów.

The subsidiaries do not have any branches.

The Parent and the consolidated entities of the Group have been established for an indefinite time.

In the period from 1 April 2024 to the date of authorisation of these consolidated financial statements for issue, there were no changes in the name or other particulars of the Parent.

**Changes in the Group's structure in the interim period, including changes which follow from mergers, acquisitions or sale of subsidiaries, long-term investments, restructuring or discontinuation of business**

In the three months ended 31 March 2024, there were no changes in the Group's structure.

In the period from 1 April 2024 to the date of authorisation of these consolidated financial statements for issue, there were no changes in the Group's structure.



# PCF GROUP SPÓŁKA AKCYJNA GROUP

## INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE FIRST QUARTER OF 2024  
ENDED MARCH 31, 2024

## **2. Basis of accounting and accounting policies**

### **Basis of accounting used in preparing the consolidated financial statements**

These consolidated financial statements of the PCF Group Spółka Akcyjna Group (the “interim consolidated financial statements”, “interim financial statements”, “consolidated financial statements”, “financial statements”) have been prepared in accordance with International Accounting Standard IAS 34 Interim Financial Reporting as endorsed by the European Union.

These consolidated financial statements present the financial position of the Group as at 31 March 2024 and 31 December 2023, results of the Group’s operations for the three months ended 31 March 2024 and 31 March 2023, and cash flows for the three months ended 31 March 2024 and 31 March 2023.

These interim financial statements should be read in conjunction with the audited consolidated financial statements of the PCF Group Spółka Akcyjna Group for 2023, issued on 29 April 2024 (the “consolidated financial statements for 2023”).

### **Going concern assumption**

These consolidated financial statements have been prepared on the assumption that the Group will continue as a going concern for the foreseeable future, i.e. for a period of at least 12 months from the reporting date.

The Management Board of the Parent prepares detailed profit and cash flow forecasts covering a five-year period and updates them periodically. The current forecast covers the years 2024-2028. These forecasts are based on the assumptions of the Management Board of the Parent regarding current and future economic conditions, as anticipated by the Management Board to prevail during that period. These forecasts also include assumptions concerning the further development of games in the pipeline, both those being implemented by the Group as of the date of authorisation of these consolidated financial statements for issue and those which the Group intends to acquire. The forecasts also include various scenarios reflecting the Group's plans, opportunities, internal and external risks, and risk mitigation measures.

The Management Board of the Parent continues to seek additional sources of revenue and financing available to the Group to sustain the development of the in-house game production and publishing segment (self-publishing) beyond the fourth quarter of 2024. These potential revenue sources include further collaboration with external publishers and receiving compensation in the form of development fees with an appropriate margin, or additional capital raising at the right time. Based on these considerations, the Management Board of the Parent is confident that the Group will have sufficient financial resources to meet its maturing obligations for at least twelve months from the date of the authorisation of the consolidated financial statements, which have been prepared on the assumption that the Group would continue as a going concern.

### **Compliance with International Financial Reporting Standards**

These consolidated financial statements have been prepared in accordance with International Accounting Standard 34 Interim Financial Reporting and the relevant International Financial Reporting Standards (the “IFRSs”) applicable to interim financial reporting, accepted by the

International Accounting Standards Board (the "IASB") and the International Financial Reporting Interpretations Committee ("IFRIC"), as well as interpretations issued by the IASB, as endorsed by the European Union under the IFRS Regulation (Regulation (EC) No. 1606/2002), hereinafter referred to as the "EU IFRSs", as effective on 31 March 2024.

The EU IFRSs include the standards and interpretations accepted by IASB and IFRIC and endorsed for use in the EU.

To the extent not governed by the above standards, these financial statements have been prepared in accordance with the requirements of the Accounting Act of 29 September 1994 (consolidated text: Dz. U. of 2023, item 120, as amended) and the secondary legislation issued on its basis, as well as the requirements set out in the Minister of Finance's Regulation of 29 March 2018 on current and periodic information to be published by issuers of securities and conditions for recognition as equivalent of information whose disclosure is required under the laws of a non-member state (Dz. U. of 2018, item 757, as amended).

The Group intends to apply amendments to IFRSs that had been issued but were not yet effective as at the date of issue of these consolidated financial statements as of the respective effective dates of the amendments.

### **Functional currency and presentation currency**

The functional currency of the Parent and the presentation currency of these consolidated financial statements is the Polish zloty, and all amounts are expressed in thousands of Polish zloty (PLN), unless stated otherwise.

The functional currencies of the subsidiaries covered by these consolidated financial statements are the currencies of the main economic environments in which these subsidiaries operate. For the purposes of consolidation of the foreign subsidiaries, their financial statements are translated into PLN at the exchange rates quoted for these currencies by the National Bank of Poland. For consolidation purposes, the financial statements of foreign operations are translated into the Polish currency in accordance with the same rules as those described in the statement of accounting policies in the consolidated financial statements for 2023.

### **Accounting policies**

The accounting policies and calculation methods applied in the preparation of these consolidated financial statements are the same as those applied in the preparation of the consolidated financial statements for 2023 (see Note 2 to the consolidated financial statements for 2023), without any restatements of comparative data or corrections of errors.

### **New standards and interpretations that have been issued but are not yet effective**

The Group has not elected to early adopt any of the standards, interpretations or amendments which have not taken effect. The Parent's Management Board is analysing the effect of the new standards, interpretations and amendments on the accounting policies applied by the Group and on the Group's future financial statements.

### **Standards and amendments to standards applied for the first time in 2024**

The Group applied the following standards and amendments to standards for the first time:

- Amendments to IAS 1 Presentation of Financial Statements;

- Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments – Disclosures;
- Amendment to IFRS 16 Leases.

The above standards and amendments to the standards had no material effect on the accounting policies applied by the Group.

### **Standards and amendments to standards not implemented by the Group**

The IFRSs as endorsed by the EU do not differ materially from the regulations adopted by the International Accounting Standards Board (IASB), save for the following standards and amendments to standards which were not yet adopted as at the date of these financial statements:

- Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates – Lack of Exchangeability (effective for annual periods beginning on or after 1 January 2025).

The above standards and amendments to standards would have had no material effect on these financial statements had they been applied by the Group as at the reporting date. The Group has not elected to early adopt any of the standards, interpretations or amendments which have not taken effect.

### **Significant judgements and assumptions**

The accounting policies relating to professional estimates and judgments applied in the preparation of these consolidated financial statements are the same as those applied in the preparation of the consolidated financial statements for 2023 (see Note 2 to the consolidated financial statements for 2023).

### **Audit of the financial statements**

These consolidated financial statements have not been audited or reviewed by an independent auditor.



# PCF GROUP SPÓŁKA AKCYJNA GROUP

INTERIM CONSOLIDATED  
FINANCIAL STATEMENTS

FOR THE FIRST QUARTER OF 2024  
ENDED MARCH 31, 2024



### 3. Revenue and operating segments

The Group divides its operations into four operating segments:

- contract development of video games (development fee),
- copyrights to developed games (royalties),
- self-publishing (licence fees),
- other activities.

In the three months to 31 March 2024, the **contract development segment** included revenue from Project Gemini and Project Maverick, game development projects carried out by the Group in partnership with the publishers Square Enix Limited and Microsoft Corporation, respectively.

Positive cash flows from this segment enabled the Group to partially cover expenditure on games that the Group intends to publish on its own in the self-publishing model.

In the comparative period, the Group generated revenue from game development projects carried out with one publisher only, namely Square Enix Limited.

#### *Project Gemini*

In the three months ended 31 March 2024, the Group executed work contracted by Square Enix Limited under content riders to the development and publishing agreement for Project Gemini. This included work under a short-term content rider dated 30 January 2024, aimed at facilitating the conclusion by the parties of the strategic discussions initiated on 24 November 2023 on the future direction of Project Gemini and the terms of further collaboration between the Company and Square Enix Limited.

#### *Project Maverick*

In the three months ended 31 March 2024, the Group continued to performing the development and publishing agreement of 13 June 2023 to produce an AAA game based on Microsoft Corporation's intellectual property rights.

The **copyrights (royalties) segment** encompassed revenue that the Group derives from contract consideration (royalties) for previously produced games.

The main source of the Group's revenue classified as revenue from the copyrights segment, i.e., the segment of royalties for previously developed games, is the development and publishing agreement for the game Bulletstorm: Full Clip Edition (remaster) of 24 October 2016, entered into between the Parent and Gearbox Publishing, LLC. The Parent has retained copyrights in Bulletstorm: Full Clip Edition by granting the publisher an exclusive licence for an indefinite term.

#### **Self-publishing segment (licence fees)**

The Group also undertakes projects involving the development and self-publishing of its own games (self-publishing). This model positions the Parent as responsible for game production, which is based on either existing or newly developed intellectual property (IP) held by the Parent. On completion, games produced under this arrangement are published by another group company, People Can Fly Ireland Limited. People Can Fly Ireland Limited engages in publishing activities, which include promotion, distribution, and sale of games produced by the Parent, based on a license granted by the Parent for the games it has developed.

Revenue recognised by People Can Fly Ireland Limited comprises the licensing fees charged for each game sold to the end user, adjusted for the profits earned by intermediary distribution platforms.

The two exceptions to the above described model are 'Green Hell VR', which was developed and released by Incuvo S.A., a subsidiary of the Parent, and 'Bulletstorm VR', which was co-developed by the Parent and Incuvo S.A. and co-published by the Parent and People Can Fly Ireland Limited.

The **other activities** segment primarily includes expenditure on the 'PCF Framework', a software system developed by the Group. This framework serves as an overlay for the Unreal Engine graphics engine, designed to facilitate and optimise the development of video games.

Financial results of the operating segments are calculated based on internal data periodically reviewed by the Management Board of the Parent. The Management Board analyses results of the operating segments at the level of operating profit (loss). The Group analyses revenue for the above four segments, and no other analyses are performed.

In the three months ended 31 March 2024, there were no changes to the Group's accounting policies with respect to the identification of operating segments or the policies for measuring revenue, profit or loss and assets of the segments presented in the Group's most recent full-year consolidated financial statements.

	Contract development of video games (development fee)	Copyrights to developed games (royalties)	Self- publishing (licence fees)	<b>Total</b>
<b>1 Jan-31 Mar 2024</b>				
<b>Region</b>				
Europe	17,472	5	9,978	<b>27,455</b>
Other countries	18,197	294	10,935	<b>29,426</b>
<b>Total revenue</b>	<b>35,669</b>	<b>299</b>	<b>20,913</b>	<b>56,881</b>
<b>Product line</b>				
Games	35,669	299	20,913	<b>56,881</b>
<b>Total revenue</b>	<b>35,669</b>	<b>299</b>	<b>20,913</b>	<b>56,881</b>
<b>Timing of transfer of goods/services</b>				
At a point in time	-	299	-	<b>299</b>
Over time	35,669	-	20,913	<b>56,582</b>
<b>Total revenue</b>	<b>35,669</b>	<b>299</b>	<b>20,913</b>	<b>56,881</b>
<b>1 Jan-31 Mar 2023</b>				
<b>Region</b>				
Europe	28,894	24	1,777	<b>30,695</b>
Other countries	3,681	194	347	<b>4,222</b>
<b>Total revenue</b>	<b>32,575</b>	<b>218</b>	<b>2,124</b>	<b>34,917</b>

**Product line**

Games	32,575	218	2,124	<b>34,917</b>
<b>Total revenue</b>	<b>32,575</b>	<b>218</b>	<b>2,124</b>	<b>34,917</b>
<b>Timing of transfer of goods/services</b>				
At a point in time	-	218	-	<b>218</b>
Over time	32,575	-	2,124	<b>34,699</b>
<b>Total revenue</b>	<b>32,575</b>	<b>218</b>	<b>2,124</b>	<b>34,917</b>

Revenue, profit or loss, material non-monetary items and assets of the operating segments are presented below.

	Contract development of video games (development fee)	Copyrights to developed games (royalties)	Self-publishing (licence fees)	Other activities	<b>Total</b>
<b>1 Jan-31 Mar 2024</b>					
Revenue from external customers	35,669	299	20,913	-	<b>56,881</b>
Total revenue	35,669	299	20,913	-	<b>56,881</b>
Segment's operating profit (loss)	(659)	299	4,356	-	<b>3,996</b>
<b>Other information</b>					
Amortisation and depreciation expense	4,464	-	2,537	-	<b>7,001</b>
Segment's assets as at 31 Mar 2024	319,630	-	152,874	32,549	<b>505,053</b>
Expenditure on segment's intangible assets and property, plant and equipment	923	-	26,305	3,311	<b>30,539</b>
<b>1 Jan-31 Mar 2023</b>					
Revenue from external customers	32,575	218	2,124	-	<b>34,917</b>
Total revenue	32,575	218	2,124	-	<b>34,917</b>
Segment's operating profit (loss)	(1,700)	218	656	(675)	<b>(1,501)</b>
<b>Other information</b>					
Amortisation and depreciation expense	2,909	-	923	675	<b>4,507</b>
Segment's assets as at 31 Mar 2023	201,318	-	129,261	21,370	<b>351,949</b>

Expenditure on segment's intangible assets and property, plant and equipment	2,803	-	22,513	4,476	<b>29,792</b>
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Reconciliation of total revenue, profit or loss and assets of the operating segments to the corresponding items of the Group's consolidated financial statements is presented below.

	<b>1 Jan-31 Mar 2024</b>	1 Jan-31 Mar 2023
<b>Segments' revenue</b>		
Total revenue of operating segments	56,881	34,917
<b>Revenue</b>	<b>56,881</b>	<b>34,917</b>
<b>Segments' profit or loss</b>		
Segments' operating profit (loss)	3,996	(1,501)
<b>Operating profit (loss)</b>	<b>3,996</b>	<b>(1,501)</b>
Finance income	704	-
Finance costs	(949)	(1,730)
<b>Profit (loss) before tax</b>	<b>3,751</b>	<b>(3,231)</b>

	<b>31 Mar 2024</b>	31 Dec 2023
<b>Segments' assets</b>		
Total assets of operating segments	505,053	513,461
<b>Total assets</b>	<b>505,053</b>	<b>513,461</b>

## 4. Equity

### Share capital

The following changes in the number of shares occurred during the period covered by these consolidated financial statements:

	<b>1 Jan-31 Mar 2024</b>	1 Jan-31 Dec 2023
<b>Shares issued and paid up:</b>		
Number of shares at beginning of period	35,940,271	29,950,226
Issue of Series E shares	-	136,104
Issue of Series F shares	-	3,343,037
Issue of Series G shares	-	2,510,904
<b>Number of shares at end of period</b>	<b>35,940,271</b>	<b>35,940,271</b>

As at the reporting date, neither the Parent nor its subsidiaries held any shares of the Parent.

## Shareholding structure

The following tables present the shareholding structure as of the respective reporting dates covered by these consolidated financial statements.

	Number of shares	Number of voting rights	Total par value (PLN '000)	Ownership interest
<b>As at 31 Mar 2024</b>				
Sebastian Wojciechowski	14,989,480	14,989,480	300	41.71%
Other shareholders	20,950,791	20,950,791	419	58.29%
<b>Total</b>	<b>35,940,271</b>	<b>35,940,271</b>	<b>719</b>	<b>100.00%</b>

	Number of shares	Number of voting rights	Total par value (PLN '000)	Ownership interest
<b>As at 31 Dec 2023</b>				
Sebastian Wojciechowski	14,989,480	14,989,480	300	41.71%
Other shareholders	20,950,791	20,950,791	419	58.29%
<b>Total</b>	<b>35,940,271</b>	<b>35,940,271</b>	<b>719</b>	<b>100.00%</b>

## Share premium

	31 Mar 2024	31 Dec 2023
Share premium on Series B shares	100,246	100,246
Costs of issue of Series B shares	(3,119)	(3,119)
Costs of issue of Series C shares/ warrants	(14)	(14)
Share premium on Series D shares	25,135	25,135
Costs of issue of Series D shares	(393)	(393)
Share premium on Series E shares	5,663	5,663
Costs of issue of Series E shares recognised as reduction of statutory reserve funds	(19)	(19)
Statutory reserve funds created from share premium – Series F shares	134,323	134,323
Costs of issue of Series F shares recognised as reduction of statutory reserve funds	(2,324)	(2,324)
Statutory reserve funds created from share premium – Series G shares	100,888	100,888
Costs of issue of Series G shares recognised as reduction of statutory reserve funds	(2,732)	(2,732)
<b>Total</b>	<b>357,654</b>	<b>357,654</b>

## Other components of equity

	31 Mar 2024	31 Dec 2023
Other components of equity created prior to transition to IAS	37,246	37,246
Other components of equity – incentive scheme	10,416	10,416
Measurement of subscription warrants due to publisher Square Enix Limited	2,694	2,694
Changes in Group structure (transactions with non-controlling shareholders)	(4,297)	(4,297)
Exchange differences on translation of foreign operations	(201)	(474)
<b>Total</b>	<b>45,858</b>	<b>45,585</b>

## 5. Operating income and expenses

### Costs by nature of expense

	1 Jan-31 Mar 2024	1 Jan-31 Mar 2023
Amortisation and depreciation	7,729	4,849
Employee benefits	43,350	33,861
Raw materials and consumables used	371	549
Services	30,447	23,611
Taxes and charges	25	81
Other	430	556
<b>Total costs by nature of expense</b>	<b>82,352</b>	<b>63,507</b>
Capitalised development expenditure	(29,097)	(26,989)
<b>Costs by nature of expense recognised in profit or loss</b>	<b>53,255</b>	<b>36,518</b>
Cost of services sold	36,462	22,193
General and administrative expenses	16,793	14,325
<b>Total</b>	<b>53,255</b>	<b>36,518</b>

Costs by nature of expense include mainly salaries and wages of the Group's employees and independent contractors involved in game development and back office functions, lease of office space and services not related to game development. The year-on-year increase in general and administrative expenses in the three months ended 31 March 2024 was mainly attributable to:

- overall increase in costs related to increased scale of operations, which translated into the need to expand the Group's development and back office resources;
- development of publishing structures in connection with the Group's plans to publish games on its own in the self-publishing segment.

### Other income

Other income includes income from medical services and other services for entities cooperating with the Group.

	1 Jan-31 Mar 2024	1 Jan-31 Mar 2023
Grants	221	-
Other income	270	203
<b>Total other income</b>	<b>491</b>	<b>203</b>

### Other expenses

Other expenses include costs of medical services and other services purchased for entities cooperating with the Group.

	1 Jan-31 Mar 2024	1 Jan-31 Mar 2023
Other	121	103
<b>Total other expenses</b>	<b>121</b>	<b>103</b>

## 6. Finance income and expenses, losses on expected credit losses

### Losses on expected credit losses

In the period covered by these consolidated financial statements the Group applied IFRS 9, but no losses on account of expected credit losses were identified as a separate item of the consolidated statement of profit or loss and other comprehensive income, as the amount of those losses was immaterial.

### Finance income

	1 Jan-31 Mar 2024	1 Jan-31 Mar 2023
<b>Interest income calculated using the effective interest rate:</b>		
Cash and cash equivalents (deposits)	151	-
Financial assets measured at amortised cost	486	-
<b>Interest income calculated using the effective interest rate</b>	<b>637</b>	-
<b>Foreign exchange gains (losses):</b>		
Cash and cash equivalents	56	-
Loans and receivables	11	-
<b>Foreign exchange gains (losses)</b>	<b>67</b>	-
<b>Total finance income</b>	<b>704</b>	-

## Finance costs

	1 Jan-31 Mar 2024	1 Jan-31 Mar 2023
<b>Interest expense on financial liabilities other than at fair value through profit or loss:</b>		
Lease liabilities	361	430
Credit facilities	27	140
Non-bank borrowings	8	-
Trade and other payables	12	-
<b>Interest expense on financial liabilities other than at fair value through profit or loss</b>	<b>408</b>	<b>570</b>
<b>Foreign exchange gains (losses) (+/-):</b>		
Cash and cash equivalents	448	419
Loans and receivables	118	646
Financial liabilities at amortised cost	(150)	95
<b>Foreign exchange gains (losses) (+/-)</b>	<b>416</b>	<b>1,160</b>
Other finance costs	125	-
<b>Total finance costs</b>	<b>949</b>	<b>1,730</b>

## 7. Earnings per share and dividends paid

### Earnings per share

To calculate basic earnings (loss) per share, the Group uses the amount of net profit (loss) attributable to owners of the Parent in the numerator, which means there is no dilutive effect on the amount of profit (loss).

The calculation of basic earnings (loss) per share together with reconciliation of the diluted weighted average number of shares is presented below.

	1 Jan-31 Mar 2024	1 Jan-31 Mar 2023
<b>Number of shares used as denominator in the formula</b>		
Weighted average number of ordinary shares	35,940,271	30,039,450
Dilutive effect of options convertible into shares	540,000	540,000
Diluted weighted average number of ordinary shares	36,480,271	30,579,450
<b>Continuing operations</b>		
Net profit (loss) from continuing operations	(864)	(4,294)
Basic earnings (loss) per share (PLN)	(0.02)	(0.14)
Diluted earnings (loss) per share (PLN)	(0.02)	(0.14)
<b>Discontinued operations</b>		



Net profit (loss) from discontinued operations	-	-
Basic earnings (loss) per share (PLN)	-	-
Diluted earnings (loss) per share (PLN)	-	-
<b>Continuing and discontinued operations</b>		
Net profit (loss)	(864)	(4,294)
Basic earnings (loss) per share (PLN)	(0.02)	(0.14)
Diluted earnings (loss) per share (PLN)	(0.02)	(0.14)

## Dividends

In the period from 1 January to 31 March 2024, the Group companies did not pay or receive any dividend.

In accordance with the Group's growth strategy update adopted by the Parent's Management Board on 31 January 2023, the Management Board plans not to recommend that the Parent's General Meeting approves payment of dividend until the Parent generates revenue, profits and positive cash flows from its planned self-publishing activities, i.e., no earlier than from profits earned for the financial year 2025. However, any decisions regarding payment and amount of dividends are always subject to the discretion of the shareholders at the Annual General Meeting, who are not bound in any way by recommendations of the Parent's Management Board.

## 8. Related-party transactions

### Ultimate parent

The ultimate parent is Mr Sebastian Wojciechowski, By virtue of his being a major shareholder of the Parent, holding, as at the date of issue of these consolidated financial statements, 41.71% of the Parent shares, which confer 41.71% of total voting rights at the General Meeting of the Parent, as well as a special personal right to appoint and remove President of the Management Board. In addition, together with three other shareholders of the Parent, Sebastian Wojciechowski forms the Group of Qualifying Shareholders, vested with a special personal right to appoint a majority of the Supervisory Board members.

Mr Wojciechowski is a natural person and does not prepare financial statements for public disclosure (International Accounting Standard 24 *Related Party Disclosures* ('IAS 24'), section 24.13).

Mr Wojciechowski also serves as President of the Management Board of the Parent.

### Transactions with shareholders

The following tables present transactions with shareholders of the Parent which took place in the period covered by these consolidated financial statements.

3 months ended 31 Mar 2024	Sale	Purchase	Dividends
Shareholders in the Parent	2	967	-

3 months ended 31 Mar 2023	Sale	Purchase	Dividends
Shareholders in the Parent	1	1,329	-

As at 31 Mar 2024	Receivables	Liabilities	Borrowings
Shareholders in the Parent	-	318	-

As at 31 Dec 2023	Receivables	Liabilities	Borrowings
Shareholders in the Parent	-	228	-

As regards disclosure of transactions with shareholders, the Group applies a practical expedient and presents transactions with shareholders whose share in total voting rights in the Parent is no less than 5%. The Group also discloses transactions executed by persons discharging managerial responsibilities and their close persons who have been notified to the Parent pursuant to Article 19 of Regulation (EU) No. 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse (Market Abuse Regulation).

## 9. Change in impairment losses and estimated credit losses

In the three months ended 31 March 2024, the amounts of impairment losses and estimated credit losses did not differ materially relative to the amounts disclosed in the consolidated financial statements for 2023.

## 10. Financial guarantees, contingent assets and liabilities

On 24 May 2023, the Parent's subsidiary People Can Fly Canada Inc. of Montreal, Canada ('PCF Canada') as the borrower, and the Bank of Montreal, as the lender, signed a credit facility agreement to grant PCF Canada two demand revolving facilities comprising: (1) a credit facility of up to CAD 1,200 thousand, intended to finance working capital and general corporate needs of PCF Canada, and (2) a credit facility of up to CAD 8,000 thousand, intended to finance future tax credits in Canada.

On 24 May 2023, the Parent issued an unsecured guarantee to the Bank of Montreal for up to CAD 9,200 thousand to secure the bank's claims against PCF Canada under the credit facility agreement and security provided under that agreement.

Apart from the instrument described above, as at 31 March 2024 the Group did not have any other financial guarantees or contingent assets or liabilities.

## **11. Seasonality and cyclicity of business in the interim period**

There was no seasonality or cyclicity in the Group's business in the interim period.

## **12. Amounts that have a significant effect on assets, liabilities, equity, net profit/(loss) or cash flows and that are non-typical due to their nature, value, effect or frequency**

In the opinion of the Parent's Management Board, there were no material events in the three months ended 31 March 2024, other than those described elsewhere in these financial statements, which could affect the assessment of the Group's financial position.

As at 31 March 2024 and 31 December 2023, the carrying amount of the Group's financial instruments was equal to their fair value due to the short maturities of those instruments, their cash nature, variable interest rate or immaterial difference between the original effective interest rates and the actual market rates.

## **13. Position of the Management Board on published forecasts**

The Management Board of the Parent did not publish any financial forecasts for 2024.

## **14. The Group's achievements and factors with a material effect on the interim condensed consolidated financial statements**

In the three months ended 31 March 2024, the Group pursued the strategic objectives defined by the Management Board of the Parent, including:

- Continued development work, in collaboration with Square Enix Limited, on Project Gemini (a game in the production phase as at the reporting date), as well as holding strategic discussions with Square Enix Limited on the future direction of Project Gemini and the terms of further collaboration on the game, which have not been concluded yet.
- Continued development work on Project Bifrost (a game in the pre-production phase as at the reporting date; the game was internally greenlighted and advanced to the next stage of pre-production, aimed at developing a "vertical slice", or a highly polished gameplay segment that showcases key mechanics and includes a portion of the final graphics, referred to as the "beauty corner") to be ultimately self-published by the Group using its own funds (or funds sourced from third parties under debt instrument agreements) and based on new intellectual property rights that would remain owned by the Group. As the same time, in accordance with the investment agreement of 28 March 2023 signed by the Parent and Sebastian Wojciechowski as the Parent's key shareholder and President of the Management Board with Krafton, Inc., if the Parent contemplates publishing Project Bifrost in a model other than self-publishing, Krafton Inc. will have the right of first negotiation and the right of first refusal with respect to entering into any such agreements. For more details on the investment agreement, see Section 16 "Significant events and transactions" of these consolidated financial statements.
- Continued development work on Project Victoria (a game in the pre-production phase as at the reporting date), to be ultimately self-published by the Group using its own funds and

based on new intellectual property rights that would remain owned by the Group. As in the case of Project Bifrost, if the Parent contemplates publishing Project Victoria in a model other than self-publishing, Krafton Inc. will have the right of first negotiation and the right of first refusal with respect to any such agreements.

- Continued development work on Project Red (a game in the pre-production phase as at the reporting date). At the same time, the Group has been looking for a third-party published to partner with to further develop Project Red.
- Continued development work, in collaboration with Microsoft Corporation, on Project Maverick.
- Further strengthening of the international character of People Can Fly's studio and development team, and further expansion of the Group's development teams across all locations by hiring developers with experience in creating AAA video games and compact AAA video games (i.e. games with a shorter development timeframe, lower budget and narrower scope than triple-A titles but with a comparable quality to the latter).
- Further development of PCF Framework (i.e. proprietary, unique game development software and tools based on Unreal Engine technology) both through development of existing modules and new modules, particularly online services (an online service package comprising, among other things, servers acting as a central database access intermediary for video games, a set of libraries for server communication, tools enabling database access for customer service purposes, and tools enabling players to interact with each other in real time in the game world), as a platform enabling the Parent to expand its multiplayer capabilities.

## **15. Acquisition and sale of property, plant and equipment and other intangible assets**

In the period covered by these consolidated financial statements, there were no non-standard transactions involving acquisition or sale of property, plant and equipment and intangible assets.

## **16. Significant events and transactions**

The following events occurred during the period covered by these consolidated financial statements:

- **Execution of short-term content rider for the development and publishing agreement for the Gemini Project**

On 30 January 2024, the Management Board of the Parent announced that, following the expiration of the existing content rider to the development and publishing agreement for Project Gemini on 29 January 2024, the Parent entered into a short-term content rider with Square Enix Limited on 30 January 2024. The rider facilitates the continuation of development work on Project Gemini, enabling the parties to conclude strategic discussions regarding the project's framework and cooperation terms. In this context, the parties continued their efforts to develop a plan for Project Gemini, which required modifications in certain areas and a refocused approach. One of the consequences of

executing the content rider was a considerable reduction in the Company's margin on Project Gemini relative to prior levels.

- **Execution of credit documentation and related security documentation by Game On Creative Inc.**

On 6 March 2024, Game On Creative Inc., a subsidiary of the Parent based in Montreal, Canada ('Game On'), as the borrower, and the Bank of Montreal as the lender, entered into a credit agreement (Offer of Financing) covering five facilities: (1) a demand revolving credit facility up to a maximum of CAD 650 thousand, intended to finance Game On's working capital and general corporate needs, (2) two non-revolving credit facilities, each up to a maximum of CAD 187 thousand, designated for pre-financing future tax credits in Canada, (3) a non-revolving credit facility up to a maximum of CAD 1,065 thousand, aimed at refinancing a term facility previously extended to Game On by the Royal Bank of Canada, and (4) a demand revolving facility in the form of a corporate credit card limit up to a maximum of CAD 32 thousand, intended for financing general corporate needs of Game On.

The credit facility described in item (1) above is repayable on demand and is annually renewed on the terms agreed upon by the parties. The facilities described in item (2) above are repayable on demand, but in any case no later than 31 December 2024 and 31 December 2025, respectively, unless the lender agrees to extend the repayment term at the borrower's request. The credit facility described in item (3) above is repayable in equal monthly instalments of CAD 17,750 over an amortization period of 5 years (or 60 months). The credit facility described in item (4) above is repayable on demand, but in any case no later than the repayment date of the facility described in item (1) or on a date determined in accordance with the terms of the agreement with the credit card issuer, whichever occurs earlier.

The interest rate for the facilities described in items (1) to (3) above, for each interest period, is the annual interest rate composed of an agreed margin plus a base rate (based on the Canadian Prime Rate). The facility described in paragraph (4) above bears interest in accordance with the terms of the agreement with the credit card issuer.

The security interests, governed by Canadian law, include: (1) a first-ranking hypothec on the entirety of Game On's movable assets of CAD 2,545,200, (2) subordination of the repayment of corporate loans provided by the Parent, (3) a power of attorney authorising the Bank of Montreal to collect amounts due under tax reliefs on behalf of Game On, and (4) designation of the bank as an additional insured under Game On's insurance policies.

The commission for the provision of the credit facilities has been set at market rates typical for such financial instruments.

The agreement includes standard covenants, such as restrictions on changing the principal business and conditions under which new debt financing may be incurred. In the event of any breach of the agreement, the bank retains standard rights, including but not limited to the right to terminate the agreement or suspend the funding.

- **Settlement of the production costs for Bulletstorm VR and mutual termination of the development and publishing agreement for this game**

On 15 March 2024, the Parent entered into an agreement with Incuvo S.A. concerning the settlement of the remaining key production milestones of Bulletstorm VR, covering the period up to the game's release date on 18 January 2024. As part of the settlement, based on the terms of the development and publishing agreement, the Parent, as the publisher, charged Incuvo S.A. with the cost of development work and quality control tasks carried out by the Parent on behalf of Incuvo S.A., amounting to PLN 871 thousand.

In light of the unsatisfactory launch of Bulletstorm VR, the Company and Incuvo S.A. agreed to terminate the development and publishing agreement for the production of the game, effective as of 19 January 2024. It was also agreed that Incuvo S.A. would not be entitled to any royalties from the game's sales. Any subsequent development activities related to Bulletstorm VR will be carried out through a production process in which the Parent is responsible for creating the final product and managing its commercialisation, including the market launch. The Management Board of the Parent is open to using Incuvo S.A.'s resources for the execution of the aforementioned development activities.

## 17. Events after the reporting date

The following events, whose disclosure in these consolidated financial statements was not required, occurred after 31 March 2024.

- **Decision to discontinue work on Project Dagger**

On 5 April 2024, the Management Board of the Parent decided to discontinue further work on Project Dagger (the "Project").

The decision follows a reassessment of the development plans of the Group and adjustments to these plans due to the unsatisfactory evaluation of the Project's scope and commercial potential after the refocus of the game's development efforts, as detailed in Current Report No. 59/2023 of 28 November 2023.

As a consequence, impairment losses amounting to 100% of the expenditures incurred on the Project were recognised as at 31 December 2023, and the expenditures incurred were written off from the Parent's accounting records on the date the decision was made.

The impairment losses reduced the consolidated financial result for 2023 as well as reducing the carrying amount of non-current assets presented in the consolidated statement of financial position of the Group as at 31 December 2023 by PLN 68.3 million.

Being a one-off and non-monetary event, they did not affect the amount of consolidated EBITDA.

- **Continued development work on Project Gemini**

The Group continued, in cooperation with Square Enix Limited, development work on Project Gemini and held further strategic discussions with the latter on the terms of their future collaboration on the game, which were not concluded by the date of authorisation of these interim condensed consolidated financial statements for issue.

- **Internal greenlight for Project Victoria**

Project Victoria, which is in the pre-production phase, was internally greenlighted and advanced to the next stage of pre-production, aimed at developing a “vertical slice”, or a highly polished gameplay segment that showcases key mechanics and includes a portion of the final graphics, referred to as the “beauty corner”.

## 18. Notes to the consolidated statement of cash flows

The following table presents the differences between changes in items of the statement of financial position and the amounts disclosed in the consolidated statement of cash flows.

Item in statement of cash flows	Change in statement of financial position/statement of profit or loss	Change disclosed	Difference	Reason
Change in receivables	9,828	13,491	(3,663)	elimination of change in receivables related to prefinancing of future tax credits in Canada
Change in liabilities	8,930	8,502	428	elimination of change in liabilities on purchase of property, plant and equipment and intangible assets
Depreciation of property, plant and equipment	1,488	1,159	329	Depreciation capitalised under development work in progress
Amortisation of intangible assets	4,803	4,418	385	Depreciation capitalised under development work in progress
Depreciation of right-of-use asset	1,438	1,424	14	Depreciation capitalised under development work in progress

## 19. Court proceedings

As at the issue date of these consolidated financial statements, neither the Parent nor any of the other Group companies are the subject of or a party to any material proceedings before a court, a competent arbitration body or a public administration authority.

## 20. Shareholders holding, directly or indirectly, 5% or more of total voting rights at the General Meeting of the Company as at the date of issue of this quarterly report, and changes in major holdings of Company shares since the issue of the previous interim report

The table below presents shareholders holding directly 5% or more of total voting rights at the General Meeting of PCF Group S.A. as at the date of authorisation of these consolidated financial

statements for issue. None of the shareholders specified below held any shares in the Parent indirectly.

Shareholder	Number of shares held	% ownership interest	Number of voting rights	% share
Sebastian Wojciechowski	14,989,480	41.71%	14,989,480	41.71%
Krafton Inc.	3,594,028	10.00%	3,594,028	10.00%
Bartosz Kmita	2,579,910	7.18%	2,579,910	7.18%
Nationale-Nederlanden Otwarty Fundusz Emerytalny	2,368,599	6.59%	2,368,599	6.59%
Krzysztof Dolaś	1,815,862	5.05%	1,815,862	5.05%
Bartosz Biełuszko	1,805,936	5.02%	1,805,936	5.02%
<i>jointly parties to the Qualifying Shareholders' Agreement**</i>	<i>21,191,188</i>	<i>58.96%</i>	<i>21,191,188</i>	<i>58.96%</i>
Other shareholders	8,786,456	24.45%	8,786,456	24.45%
<b>Total</b>	<b>35,940,271</b>	<b>100.00%</b>	<b>35,940,271</b>	<b>100.00%</b>

\* The shareholding structure was established based on notifications submitted by shareholders in compliance with their legal obligations.

\*\* The shareholders Sebastian Wojciechowski, Bartosz Kmita, Bartosz Biełuszko, and Krzysztof Dolaś are signatories to an agreement dated 26 June 2020, which, following the admission of at least one share of PCF Group S.A. to trading on a regulated market, is classified as an agreement under Article 87.1.5 of the Act on Public Offering, Conditions Governing the Introduction of Financial Instruments to Organised Trading, and Public Companies dated 29 July 2005.

## 21. Parent shares or rights to parent shares held by management and supervisory personnel as at the date of issue of this quarterly report, including changes in the holdings occurring after the date of issue of the previous interim report

As at the date of issue of the quarterly report, Parent shares were held by Sebastian Wojciechowski, President of the Parent's Management Board.

	Number of shares	Number of voting rights	Total par value (PLN '000)	Ownership interest
<b>As at 31 Mar 2024</b>				
Sebastian Wojciechowski	14,989,480	14,989,480	300	41.71%
Other shareholders	20,950,791	20,950,791	419	58.29%
<b>Total</b>	<b>35,940,271</b>	<b>35,940,271</b>	<b>719</b>	<b>100.00%</b>

To the best of the Parent's knowledge, as at the date of issue of these consolidated financial statements, the Parent's supervisory personnel did not hold any shares in the Parent, and members of its management and supervisory personnel did not hold any shares in the Parent's related entities.



From 1 April 2024 to the date of issue of this report, there were no changes in holdings of Company shares by the Parent's management personnel.

## **22. Factors which the Company believes will have a bearing on its performance in the following quarter or in a longer term**

In the following quarter of 2024, the Group will continue to expand its existing business lines.

The Group's performance in the following quarters will be driven chiefly by:

- continued development work on the Group's key games (under both the work-for-hire and self-publishing model);
- the continuing slowdown in the global video games market, which has led to significant redundancies in the industry, including the closure of some development studios, and reduced pressure on wage increases across all markets where the Group operates;
- currency risk (as an external factor) considering its revenue denominated in foreign currencies (USD and EUR) and costs incurred in PLN and foreign currencies (USD, CAD, GBP and EUR);
- overall increase in costs resulting from the increased scale of operations, which translates into the need to expand the Group's back office function.

## II. QUARTERLY FINANCIAL INFORMATION OF PCF GROUP S.A.

### STATEMENT OF FINANCIAL POSITION

<b>ASSETS</b>	<b>31 Mar 2024</b>	31 Dec 2023
<b>Non-current assets</b>		
Intangible assets	254,688	223,391
Property, plant and equipment	3,978	4,296
Right-of-use assets	10,631	12,065
Investments in subsidiaries	61,118	61,118
Receivables and loans advanced	4,292	4,224
Long-term prepayments and accrued income	268	280
Deferred tax assets	19,697	22,071
<b>Non-current assets</b>	<b>354,672</b>	<b>327,445</b>
<b>Current assets</b>		
Contract assets	12,487	8,529
Trade and other receivables	13,278	31,540
Current tax assets	864	768
Other current financial assets	20,208	35,397
Short-term prepayments and accrued income	2,209	1,041
Cash and cash equivalents	94,167	97,788
<b>Current assets</b>	<b>143,213</b>	<b>175,063</b>
<b>Total assets</b>	<b>497,885</b>	<b>502,508</b>
<b>EQUITY AND LIABILITIES</b>	<b>31 Mar 2024</b>	31 Dec 2023
<b>Equity</b>		
Share capital	719	719
Share premium	357,654	357,654
Other components of equity	49,898	49,898
Retained earnings	40,215	34,479
<b>Equity</b>	<b>448,486</b>	<b>442,750</b>
<b>Liabilities</b>		
<b>Non-current liabilities</b>		
Leases	7,595	8,751
Long-term prepayments and accrued income	3,631	3,631
<b>Non-current liabilities</b>	<b>11,226</b>	<b>12,382</b>
<b>Current liabilities</b>		
Trade and other payables	33,873	23,545
Contract liabilities	-	2,422
Leases	3,316	3,779
Employee benefit obligations and provisions	766	303
Short-term prepayments and accrued income	218	17,327
<b>Current liabilities</b>	<b>38,173</b>	<b>47,376</b>
<b>Total liabilities</b>	<b>49,399</b>	<b>59,758</b>
<b>Total equity and liabilities</b>	<b>497,885</b>	<b>502,508</b>

## STATEMENT OF PROFIT OR LOSS

	1 Jan-31 Mar 2024	1 Jan-31 Mar 2023
<b>Continuing operations</b>		
Revenue	52,448	27,717
Cost of sales	36,805	15,960
<b>Gross profit (loss)</b>	<b>15,643</b>	<b>11,757</b>
General and administrative expenses	7,897	8,292
Other income	485	396
Other expenses	121	86
<b>Operating profit (loss)</b>	<b>8,110</b>	<b>3,775</b>
Finance income	702	37
Finance costs	620	1,184
<b>Profit (loss) before tax</b>	<b>8,192</b>	<b>2,628</b>
Income tax	2,456	1,453
<b>Net profit (loss) from continuing operations</b>	<b>5,736</b>	<b>1,175</b>
<b>Discontinued operations</b>		
Net profit (loss) from discontinued operations	-	-
<b>Net profit (loss)</b>	<b>5,736</b>	<b>1,175</b>

## EARNINGS (LOSS) PER ORDINARY SHARE (PLN)

	1 Jan-31 Mar 2024	1 Jan-31 Mar 2023
<b>from continuing operations</b>		
- basic	0.18	0.04
- diluted	0.17	0.04
<b>from continuing and discontinued operations</b>		
- basic	0.18	0.04
- diluted	0.17	0.04

## STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	1 Jan-31 Mar 2024	1 Jan-31 Mar 2023
<b>Net profit (loss)</b>	<b>5,736</b>	<b>1,175</b>
<b>Comprehensive income</b>	<b>5,736</b>	<b>1,175</b>



## STATEMENT OF CHANGES IN EQUITY

	Share capital	Share premium	Other components of equity	Retained earnings	Total equity
<b>As at 1 Jan 2024</b>	<b>719</b>	<b>357,654</b>	<b>49,898</b>	<b>34,479</b>	<b>442,750</b>
<b>Changes in equity in 1 Jan–31 Mar 2024</b>					
Net profit (loss) for 1 Jan–31 Mar 2024	-	-	-	5,736	<b>5,736</b>
<b>As at 31 Mar 2024</b>	<b>719</b>	<b>357,654</b>	<b>49,898</b>	<b>40,215</b>	<b>448,486</b>

	Share capital	Share premium	Other components of equity	Retained earnings	Total equity
<b>As at 1 Jan 2023</b>	<b>599</b>	<b>121,869</b>	<b>49,898</b>	<b>99,131</b>	<b>271,497</b>
<b>Changes in equity in 1 Jan–31 Dec 2023</b>					
Issue of Series E, Series F and Series G shares	120	240,875	-	-	<b>240,995</b>
Cost of issue of Series C, Series E, Series F and Series G shares	-	(5,090)	-	-	<b>(5,090)</b>
Net profit (loss) for 1 Jan–31 Dec 2023	-	-	-	(64,652)	<b>(64,652)</b>
<b>As at 31 Dec 2023</b>	<b>719</b>	<b>357,654</b>	<b>49,898</b>	<b>34,479</b>	<b>442,750</b>



	Share capital	Share premium	Other components of equity	Retained earnings	Total equity
<b>As at 1 Jan 2023</b>	<b>599</b>	<b>121,869</b>	<b>49,898</b>	<b>99,131</b>	<b>271,497</b>
<b>Changes in equity in 1 Jan-31 Mar 2023</b>					
Issue of Series E shares	3	6,275	-	-	<b>6,278</b>
Net profit (loss) for 1 Jan-31 Mar 2023	-	-	-	1,176	<b>1,176</b>
<b>As at 31 Mar 2023</b>	<b>602</b>	<b>128,144</b>	<b>49,898</b>	<b>100,307</b>	<b>278,951</b>

## STATEMENT OF CASH FLOWS

	1 Jan-31 Mar 2024	1 Jan-31 Mar 2023
<b>Cash flows from operating activities</b>		
<b>Profit (loss) before tax</b>	<b>8,192</b>	<b>2,628</b>
<b>Adjustments:</b>		
Depreciation of property, plant and equipment	465	359
Amortisation of intangible assets	3,815	1,412
Depreciation of right-of-use asset	908	907
Gain/(loss) on sale of non-derivative financial assets	121	-
Foreign exchange gains (losses)	(866)	996
Interest expense	338	266
Interest and dividend income	(702)	(37)
Other adjustments	50	(394)
Change in receivables	18,262	2,705
Change in liabilities	9,669	12,480
Change in provisions, accruals and deferrals	(17,802)	2,001
Change in contract assets and liabilities	(6,380)	12,970
Income tax paid	(178)	(416)
<b>Net cash from operating activities</b>	<b>15,892</b>	<b>35,877</b>
<b>Cash flows from investing activities</b>		
Payments for intangible assets	(34,376)	(33,950)
Payments for property, plant and equipment	(207)	(67)
Payments for other financial assets	(121)	-
Proceeds from sale of other financial assets	15,000	-
Interest received	703	-
<b>Net cash from investing activities</b>	<b>(19,001)</b>	<b>(34,017)</b>
<b>Cash flows from financing activities</b>		
Repayment of borrowings	-	(219)
Payment of lease liabilities	(1,137)	(1,224)
Interest paid	(338)	(266)
<b>Net cash from financing activities</b>	<b>(1,475)</b>	<b>(1,709)</b>
<b>Total net cash flows</b>	<b>(4,584)</b>	<b>151</b>
Foreign exchange gains (losses)	963	(551)
<b>Net change in cash</b>	<b>(3,621)</b>	<b>(400)</b>
Cash and cash equivalents at beginning of period	97,788	49,391
<b>Cash and cash equivalents at end of period</b>	<b>94,167</b>	<b>48,991</b>

### Authorisation for issue

These interim condensed consolidated financial statements were authorised for issue by the Parent's Management Board on 27 May 2024.

Signatures of all Management Board members

Date	Full name	Position held	Signature
digitally signed on the digital signature date	Sebastian Kamil Wojciechowski	President of the Management Board	

Signature of the preparer of these consolidated financial statements

Date	Full name	Position held	Signature
digitally signed on the digital signature date	Marcin Żydzia	Head of Reporting and Accounting	



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# **INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE FIRST QUARTER OF 2024  
ENDED MARCH 31, 2024**