



REPORT ON THE REMUNERATION OF MEMBERS OF THE MANAGEMENT BOARD AND SUPERVISORY BOARD OF PCF GROUP S.A. in 2021

This report on the remuneration of members of the Management Board and Supervisory Board of PCF Group S.A. (the “**Company**”) was prepared pursuant to Art. 90g et seq. of the Act on Public Offering, Conditions Governing the Introduction of Financial Instruments to Organised Trading, and Public Companies of July 29th 2005 (consolidated text: Dz. U. of 2021, item 1983, as amended) (the “**Public Offering Act**”).

The rules of remuneration for members of the Management Board and Supervisory Board of PCF Group S.A. are defined in the “Remuneration Policy for members of the Management Board and Supervisory Boards of PCF Group S.A.” as adopted by Resolution No. 13 of the Company’s Annual General Meeting of September 23rd 2020 and effective as of the date of admission of Company shares to trading on a regulated market, i.e. December 15th 2020 (the “**Remuneration Policy**”).

The Remuneration Policy was adopted under Art. 90d.1 of the Public Offering Act and defines the rules of remuneration for members of the Company’s Management Board and Supervisory Board. The Remuneration Policy specifies (i) the criteria to be taken into account in determining the remuneration of members of the Management Board and Supervisory Board, (ii) the legal relationships that may form the legal basis for remunerating members of the Management Board and Supervisory Board, and (iii) the types of remuneration that may be awarded to members of the Management Board and Supervisory Board. The Remuneration Policy authorises the Supervisory Board to determine the rules for awarding variable remuneration and other cash and non-cash benefits to members of the Management Board.

1. Aggregate remuneration, broken down into the components referred to in Art. 90d.3.1 of the Public Offering Act, and the relative proportions of these components

As of the effective date of the Remuneration Policy, the Company is required to remunerate members of the Management Board and Supervisory Boards as per the Remuneration Policy only.

Management Board

In 2021, the Company’s Management Board was solely composed of President of the Management Board.

The Company’s Articles of Association, effective without any amendments as of November 6th 2019, provide that members of the Management Board are remunerated for serving thereon and that the amount of such remuneration is determined by a resolution of the Supervisory Board. In addition, Management Board members may receive separate remuneration under agreements for the provision of advisory, consulting or video game development and production services. Prior to November 6th 2019, the remuneration of members of the Management Board for serving thereon was determined by the General Meeting.

In 2021, the remuneration of members of the Management Board (President of the Management Board) for serving thereon was determined pursuant to Resolution No. 1 of the Extraordinary General Meeting of PCF Group sp. z o.o. (the Company’s legal predecessor) of July 27th 2015 at

PLN 4 thousand gross per month. The remuneration of President of the Management Board did not change following the change of the Company's legal form from a limited liability company (*spółka z ograniczoną odpowiedzialnością*) to a joint-stock company (*spółka akcyjna*).

Additionally, in 2021 President of the Management Board received the following non-cash benefits:

- a private healthcare package worth a total of PLN 8,324.40,
- a gym and fitness package worth a total of PLN 1,174.12.

Apart from the remuneration for serving in the capacity of President of the Management Board, President of the Management Board was also remunerated under:

- the service contract of July 14th 2015 concluded between the Company and President of the Management Board as a sole trader; and
- the employment contract of October 1st 2017 with People Can Fly U. S., LLC of New York, United States (“**PCF U.S.**”).

Under the service contract, President of the Management Board provided advisory services to the Company in the area of: (i) creation and implementation of the project plan; (ii) risk management, including, but not limited to, monitoring and identification of hazards to the game development plan; (iii) preparation of estimated timeframes for the performance and achievement of individual tasks and milestones; and (iv) the application of the agile, scrum and waterfall methodologies to video game development. President of the Management Board rendered these services in the capacity of Lead Producer of video games developed by the Company. The service contract provided for remuneration in the form of a monthly fee equal to the product of the hourly rate specified in the contract and the number of hours spent to provide the services in a given month.

Under the service contract, in 2021 President of the Management Board received a total remuneration of PLN 1,054,500.00.

Under the service contract, the Company had the discretion to award to President of the Management Board an additional fee if the game proved to be a success or upon achievement of a milestone in its development (the success fee). No success fee was awarded in 2021.

The employment contract between President of the Management Board and PCF U.S. concerned his service in the capacity of the Chief Executive Officer (CEO) thereof. Under the contract, President of the Management Board was entitled to a salary determined on an annual and weekly basis depending on whether he performed his duties as the CEO in or outside the US. The employment contract is governed by the laws of the State of Illinois.

The following table presents the remuneration of President of the Management Board, broken down into fixed and variable components as well as bonuses and other optional cash and non-cash benefits.

Remuneration of President of the Management Board in 2021 (PLN)

Full name		PCFG					Group companies					Total
		Remuneration		Variable Remuneration as defined in the Remuneration Policy (bonuses)	Other benefits		Remuneration		Variable Remuneration as defined in the Remuneration Policy (bonuses)	Other benefits		
		fixed (for serving as President of the Management Board)	variable (payable under the service contract)		cash	non-cash	fixed	variable (payable under the contract of employment as Chief Executive Officer of PCF U.S.)		cash	non-cash	
Sebastian Wojciechowski	Amount	48,000.00	1,054,500.001	—	—	9,498.52	—	450,884.99	—	—	—	1,562,883.51
	Relative proportion (share of the component in the total)	3.07%	67.47%	—	—	0.61%	—	28.85%	—	—	—	100%

The table presents the remuneration paid in 2021, excluding any remuneration due.

¹ Of variable remuneration in the amount of PLN 1,054,500.00 (under the service contract), PLN 52,500.00 is due (but not paid by December 31st 2021).

Supervisory Board

As at January 1st 2021, the Company's Supervisory Board consisted of five members:

- Mikołaj Wojciechowski – Chairman of the Supervisory Board,
- Krzysztof Dolaś - Member of the Supervisory Board,
- Bartosz Biełuszko – Member of the Supervisory Board,
- Jacek Pogonowski – Member of the Supervisory Board,
- Aleksander Ferenc, PhD – Member of the Supervisory Board.

On April 1st 2021 Krzysztof Dolaś and Bartosz Biełuszko resigned as members of the Supervisory Board, whereas Barbara Sobowska and Kuba Dudek were appointed as members of the Supervisory Board of PCF Group S.A., with effect from April 1st 2021.

As at December 31st 2021, the Company's Supervisory Board consisted of five members:

- Mikołaj Wojciechowski – Chairman of the Supervisory Board,
- Jacek Pogonowski – Member of the Supervisory Board,
- Aleksander Ferenc, PhD – Member of the Supervisory Board,
- Barbara Sobowska – Member of the Supervisory Board,
- Kuba Dudek – Member of the Supervisory Board.

Further changes in the composition of the Supervisory Board took place in 2022. Aleksander Ferenc, PhD, resigned as member of the Supervisory Board on March 3rd 2022, with effect from the same date. On March 7th 2022, the Supervisory Board co-opted Dagmara Zawadzka to the Supervisory Board of PCF Group S.A., with effect from March 7th 2022 until the end of the current three-year joint term of office of the Supervisory Board, subject to approval of the appointment by the General Meeting. On April 13th 2022, the Extraordinary General Meeting approved the appointment of Dagmara Zawadzka to the Supervisory Board.

The Company's Articles of Association, effective as of November 6th 2019, provide that the amount of remuneration payable to Supervisory Board members is determined by the General Meeting. Members of the Supervisory Board are also entitled to reimbursement of expenses incurred in connection with their participation in the Supervisory Board's activities.

Accordingly, pursuant to the Extraordinary General Meeting's resolution of June 26th 2020 to determine the remuneration of members of the Supervisory Board, as of July 1st 2020 the Chair of the Supervisory Board is entitled to a remuneration of PLN 2,000.00 per month, and the other Supervisory Board members – to a remuneration of PLN 1,500.00 per month.

Notwithstanding the foregoing, two members of the Supervisory Board, namely Krzysztof Dolaś and Bartosz Biełuszko, received remuneration under service and intellectual property transfer contracts concluded between them as sole traders and the Company (contracts of January 4th 2016 and May 22nd 2020). The service contracts concerned provision of video game development services by Krzysztof Dolaś in the capacity of Technical Art Director and by Bartosz Biełuszko in the capacity of Art Director. Under the contracts, Krzysztof Dolaś and Bartosz Biełuszko were remunerated with a monthly fee whose amount in a given month depended on the volume and value of the services rendered and the intellectual property transferred.

The contracts also provided for a success fee payable to Krzysztof Dolaś and Bartosz Biełuszko at the Company's discretion if the video game's financial performance met certain targets. In 2021, no success fee or discretionary bonus was awarded to Krzysztof Dolaś and Bartosz Biełuszko.

Neither the Company nor any other Group company awarded any non-cash benefits to any members of the Supervisory Board in 2021.

In addition, pursuant to the Extraordinary General Meeting's resolution of June 26th 2020 to determine the additional remuneration of members of the Supervisory Board's Audit Committee,

as of July 1st 2020 the Chair of the Audit Committee is entitled to an additional remuneration of PLN 1,500.00 per month, and the other Audit Committee members – to a remuneration of PLN 1,000.00 per month.

In 2021, the Audit Committee of the Company's Supervisory Board was composed of three persons:

- Jacek Pogonowski – Chairman of the Audit Committee,
- Aleksander Ferenc, PhD – Member of the Audit Committee,
- Mikołaj Wojciechowski – Member of the Audit Committee.

In the reporting period, there were no changes in the composition of the Audit Committee. The following table presents the remuneration of Supervisory Board members, broken down into fixed and variable components as well as bonuses and other optional cash and non-cash benefits.

Remuneration of Supervisory Board members in 2021 (PLN)

Full name		PCF Group S.A.					Group companies					Total
		Remuneration		Variable Remuneration as defined in the Remuneration Policy (bonuses)	Other benefits		Remuneration		Variable Remuneration as defined in the Remuneration Policy (bonuses)	other benefits		
		fixed (for serving as member of the Supervisory Board and the Audit Committee)	variable (under the service and intellectual property transfer contracts)		cash	non-cash	fixed	variable		cash	non-cash	
Bartosz Bieluszko	Amount	4,500.00	134,104.38	—	—	—	—	—	—	—	—	138,604.38
	Relative proportion (share of the component in the total)	3.25%	96.75%	—	—	—	—	—	—	—	—	100%
Krzysztof Dolaś	Amount	4,500.00	130,962.86	—	—	—	—	—	—	—	—	135,462.86
	Relative proportion (share of the component in the total)	3.32%	96.68%	—	—	—	—	—	—	—	—	100%
Mikołaj Wojciechowski	Amount	36,000.00	—	—	—	—	—	—	—	—	—	36,000.00
	Relative proportion (share of the component in the total)	100%	—	—	—	—	—	—	—	—	—	100%
Jacek Pogonowski	Amount	36,000.00	—	—	—	—	—	—	—	—	—	36,000.00
	Relative proportion (share of the component in the total)	100%	—	—	—	—	—	—	—	—	—	100%
Barbara Sobowska	Amount	13,500.00	—	—	—	—	—	—	—	—	—	13,500.00
	Relative proportion (share of the component in the total)	100%	—	—	—	—	—	—	—	—	—	100%
Aleksander Ferenc, PhD	Amount	28,350.18	—	—	—	—	—	—	—	—	—	28,350.18
	Relative proportion (share of the component in the total)	100%	—	—	—	—	—	—	—	—	—	100%
Kuba Dudek	Amount	13,500.00	—	—	—	—	—	—	—	—	—	13,500.00
	Relative proportion (share of the component in the total)	100%	—	—	—	—	—	—	—	—	—	100%

The remuneration presented in the table was paid in full in 2021.

2. Explanation of how total remuneration complies with the Company's remuneration policy, including how it contributes to delivering long-term results by the Company

The Remuneration Policy serves in particular to: (i) help deliver the Company's business strategy and its short-term and long-term objectives and ensure the Company's stability; (ii) provide for the Management Board members a coherent and incentive-based remuneration scheme reflecting their experience, qualifications and responsibilities and fostering their full and lasting commitment to the Company and to the performance of their duties as part thereof; and (iii) provide proper incentives for the Management and Supervisory Board members to ensure their contribution and dedication to the long-term growth of the Company and its Group.

The Remuneration Policy was developed taking into account the working conditions and employment and payment terms of the Company's employees other than members of the Management Board or Supervisory Board. In particular, those conditions and terms were reviewed with a view to ensuring that the remuneration of Management and Supervisory Board members reflects the level of their responsibility and qualifications and the extent to which they contribute to the delivery of the Company's and the Group's business strategy and is suitable in light of the Company's and the Group's financial condition, while taking into account the need to ensure that persons serving on the Management Board and Supervisory Board have the highest degree of expertise and the increased level of risk involved in such service.

When evaluating compliance of the Management and Supervisory Board members' remuneration in 2021 with the Remuneration Policy, including its contribution to delivering the Company's long-term results, it should be borne in mind that 2021 was the first year in which the Company operated as a public company listed on the Main Market of the WSE with a new business strategy outlined in the Prospectus, including new short- and long-term objectives. In particular, objectives to be achieved in 2021 included a revision of tasks performed by the Supervisory Board in a new role and its necessary involvement in the Company's operations and delivery of the Company's new strategy.

In view of the foregoing, the level of remuneration of members of the Management Board and Supervisory Board in 2021 was the same as in previous years and was adequate to ensure that persons having the necessary expertise for optimum management and supervision of the Company during that period remained properly motivated and committed, while both the fixed and variable components of their remuneration reflected their individual competencies and experience as well as the scope of their individual duties and related responsibility.

As at the date of this Report, the Company commenced a process to review and possibly revise the remuneration of both the Management Board and Supervisory Board, taking into account the Remuneration Policy.

3. Explanation of how performance criteria were applied

In line with the Remuneration Policy, remuneration paid to members of the Management Board for serving on the Management Board includes: (i) fixed monthly cash remuneration for serving on the Management Board, awarded regardless of the financial or non-financial performance criteria; (ii) variable remuneration in the form of bonuses ("**Variable Remuneration**"); (iii) other additional cash and non-cash benefits.

Members of the Company's Management Board may receive additional remuneration under employment contracts or civil-law contracts with the Company or a Group company under which they perform work or provide services not related to their management roles at the Company or a Group company.

Members of the Management Board may also receive fixed remuneration for serving on the management board of a subsidiary, including a subsidiary established outside of Poland.

The authority to define the rules for awarding Variable Remuneration (bonuses) and other optional cash and non-cash benefits to members of the Management Board in line with the Remuneration Policy, to the extent necessary for their award and disbursement and to the extent these matters are not provided for and are not in conflict with the Remuneration Policy, is vested in the Supervisory Board. The Supervisory Board is in particular authorised to determine the

type, amount and manner of payment of both fixed and variable remuneration (bonuses) and other cash and non-cash benefits received by each Management Board member from the Company.

The amount of Variable Remuneration (bonuses) payable to a Management Board member is contingent on the delivery of the objectives set therefor by the Supervisory Board, which are reviewed on an annual basis. Under the authorisation referred to above, the Supervisory Board may lay down detailed terms and conditions for the award and disbursement of Variable Remuneration (bonuses), including the targets for members of the Management Board, based both on selected targets set out in the Remuneration Policy and other targets the achievement of which, in the Supervisory Board's opinion, will contribute to the delivery of the Company's business strategy, serving its long-term interests and stability.

Variable Remuneration for a given year, provided it has been determined by the Supervisory Board and is due, is paid to a Management Board member after the Company's consolidated financial statements for that year have been prepared and audited. In accordance with the Remuneration Policy, the maximum amount of the remuneration components comprising the Variable Remuneration (excluding any remuneration under share-based incentive schemes) of a Management Board member must not exceed five times the amount of the fixed remuneration components that the Management Board member receives from the Company and its subsidiaries.

In 2021, no Variable Remuneration (bonus) was paid to President of the Management Board.

In 2021, President of the Management Board received additional remuneration under a civil-law contract with the Company (the service contract of July 14th 2015) and under an employment contract with People Can Fly U.S., LLC (a Group company), under which he provided the Company with services not related to his management role, and performed work for the Group company. The above remuneration was variable remuneration (other than bonuses): in the case of the service contract, the amount of remuneration depended on the number of hours spent to provide the services in a given month, while in the case of the employment contract with People Can Fly U.S., LLC – on the performance of work in or outside the United States.

4. Annual change of remuneration, of the performance of the company, and of average remuneration of employees of the company other than members of the management board or supervisory board over at least the five most recent financial years, presented together in a manner which permits comparison

Annual change in remuneration of President of the Management Board in 2017–2021

	2017	2018	2019	2020	2021
Sebastian Wojciechowski	1,051,230	993,748	1,138,972	1,325,235	1,562,884
Y/y change	116%	-5%	15%	16%	18%

Annual change in remuneration of Supervisory Board members in 2017–2021

	2017	2018	2019	2020	2021
Bartosz Bieluszko	385,936	327,881	411,774	534,669	138,604
Y/y change	24%	-15%	26%	30%	-74%
Krzysztof Dolaś	310,471	345,512	438,495	549,923	135,463
Y/y change	14%	11%	27%	25%	-75%
Mikołaj Wojciechowski	-	-	-	18,000	36,000
Y/y change	-	-	-	-	100%
Jacek Pogonowski	-	-	-	18,000	36,000
Y/y change	-	-	-	-	100%
Barbara Sobowska	-	-	-	11,333	13,500
Y/y change	-	-	-	-	19%
Aleksander Ferenc, PhD	-	-	-	3,750	28,350
Y/y change	-	-	-	-	656%
Kuba Dudek	-	-	-	-	13,500
Y/y change	-	-	-	-	-

Financial results of PCF Group S.A. and its Group for the last five financial years

	2017	2018	2019	2020	2021
Group's gross profit	17,845,882	19,230,492	4,851,752	26,657,920	64,441,000
Change (PLNm)		1.38	-14.38	21.81	37.78
Change (%)		7.76%	-74.77%	449.45%	141.73%
Group's net profit	14,001,541	15,908,540	4,828,296	24,579,339	61,326,016
Change (PLNm)		1.91	-11.08	19.75	36.75
Change (%)		13.62%	-69.65%	409.07%	149.50%
Company's gross profit	17,233,298	17,274,570	2,059,025	31,017,936	43,898,938
Change (PLNm)	11.89	0.04	-15.22	28.96	12.88
Change (%)	222.78%	0.24%	-88.08%	1406.44%	41.53%
Company's net profit	13,428,182	14,402,066	2,235,443	29,095,747	41,751,983
Change (PLNm)	8.87	0.97	-12.17	26.86	12.66
Change (%)	194.35%	7.25%	-84.48%	1201.57%	43.50%

Average remuneration of employees employed under employment contracts at PCF Group S.A. in 2017–2021 (PLN)

Year	Average remuneration (excluding Management Board members)	Annual change in average remuneration (excluding Management Board members)
2017	111,875	29.95%
2018	103,821	-7.20%
2019	85,979	-17.19%
2020	99,159	15.33%
2021	115,781	16.76%

5. Remuneration received from entities of the same corporate group within the meaning of the Accounting Act of September 29th 1994

For information on the amount of remuneration received by President of the Management Board from other entities of the PCF Group S.A. Group, see the relevant tables in Section 1 hereof.

The Supervisory Board members did not receive any remuneration from PCF Group S.A. Group entities.

6. Number of financial instruments granted or offered and the key conditions for the exercise of rights attached to such instruments, including the exercise price and date and any changes thereof

In 2021, neither President of the Management Board nor any Supervisory Board members were granted or offered any financial instruments.

7. Information on exercising the option to reclaim variable remuneration components

The Remuneration Policy does not provide for any deferral of payment of Variable Remuneration or for any option to reclaim Variable Remuneration paid.

8. Information on any departures from the procedure for the implementation of the remuneration policy and on any derogations applied in accordance with Art. 90f of the Public Offering Act, including the explanation of the reasons for and the manner of such derogations and the indication of the specific elements derogated from.

Where necessary for furthering the Company's long-term interests and ensuring its sustainability or viability, the Supervisory Board may decide to temporarily disapply the Remuneration Policy in whole or in part.

Reasons for disapplying the Remuneration Policy include in particular issues related to the delivery of the Company's strategy and such actions which, if omitted, could adversely affect the Company's ability to meet its liabilities.

The Supervisory Board may decide to disapply the Remuneration Policy by way of a resolution. Such resolution must specify in particular: (i) the period for which the Remuneration Policy is to be disapplied; (ii) elements of the Remuneration Policy to be disapplied; (iii) the reasons and rationale for the disapplication. The Management Board may request temporary disapplication of the Remuneration Policy; such request must include the reasons and rationale for the disapplication.

The Remuneration Policy entered into force on December 15th 2020, and in the absence of any reasons for its disapplication in the period December 15th – December 31st 2021, the Supervisory Board did not resolve to disapply it.

9. Cash and non-cash benefits, if any, awarded to close persons of members of the Management Board or Supervisory Board

President of the Management Board received a non-cash benefit in the form of a private healthcare package, with a value ranging from PLN 721.80 (January 2021) to PLN 648.20 (December 2021) (total value in 2021: PLN 8,324.40). The package covered also the close persons of President of the Management Board, i.e. his spouse and issue.

No benefits were awarded to any close persons of the Supervisory Board members.

Pursuant to Art. 90g.8 of the Public Offering Act, the remuneration report should include an explanation of how the discussion of the company's annual general meeting on the previous remuneration report has been reflected therein.

The report on the remuneration of members of the Management Board and Supervisory Board in 2019 and 2020 was discussed by the Company's Annual General Meeting held on June 22nd 2021. During the discussion, shareholders who were present at the General Meeting did not ask any questions or raise any issues regarding the report submitted by the Supervisory Board.

This Report has been evaluated by the auditor with respect to the disclosure of information required under Art. 90g.1-5 and Art. 90g.8 of the Public Offering Act.

The Supervisory Board will submit this Report to the Annual General Meeting for discussion, in accordance with Art. 90g.7 of the Public Offering Act.

Following the closing of the Annual General Meeting, this Report will be published on the Company's website, where it will remain available for free access or download for a period of at least ten years.

This Report was adopted by the Supervisory Board under Resolution No. 14/2022 of 1 June 2022.

Chairman of the Supervisory Board

Mikołaj Wojciechowski

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Member of the Supervisory Board

Barbara Sobowska

/signature/

Member of the Supervisory Board

Jacek Pogonowski

/signature/

Member of the Supervisory Board

Dagmara Zawadzka, CFA

/signature/

Member of the Supervisory Board

Kuba Dudek

/signature/