

Current Report No. 4/2022 ESPI

Company: CHERRYPICK GAMES S.A.

Subject: Execution of investment agreement.

Legal basis: Art. 17 sec. 1 MAR – confidential information.

Content:

With reference to the current report ESPI 1/2022 of 17 January 2022 concerning the conclusion of a letter of intent aiming at defining the framework rules of cooperation at the preparatory stage, aiming at signing an investment agreement and forming a joint venture in the form of a capital company, the Management Board of Cherrypick Games S.A. (“Issuer”) informs that on 21 February 2022 an investment agreement was concluded between the Issuer and BoomBit S.A. (“BoomBit”) and PlayHolding sp. z o.o. (“JV”) defining the principles of cooperation between the Issuer and BoomBit in the development, release and promotion of computer games within the JV (the “Investment Agreement”).

The purpose of the JV partners is to operate the joint venture and to benefit from the joint venture by distributing the profit generated by the JV in the form of dividends paid to the partners. The investment agreement has been concluded for an indefinite period.

Pursuant to the Investment Agreement: the Issuer will acquire from BoomBit 40 shares representing 40% of the share capital of the JV with a nominal value of PLN 50.00 each, with a total nominal value of PLN 2,000.00, for a price of PLN 3,000.00 for the purpose of operating the JV joint venture. Following the transaction, BoomBit will hold 60% of the shares representing 60% of the share capital of the JV.

The Issuer will enter into a non-exclusive licence agreement with the JV, with the possibility to exercise subsidiary rights and the possibility to sublicense 2 engines used for the development of computer games: Merge Engine by CPG and MSR Engine by CPG, the use of which is the intention of BoomBit and the Issuer within the JV. All rights and tangible assets, including intellectual property rights created under the collaboration will be the exclusive property of the JV, unless the shareholders’ meeting agrees to the transfer or granting of the licence by a resolution adopted by a 100% majority.

The Issuer has guaranteed and assured that it will create a project team in the JV capable of independently publishing, creating and promoting computer games, as envisaged in the budget adopted under the Investment Agreement.

The Issuer has guaranteed that employees and associates providing services or work to the JV that result in intellectual property rights will transfer those rights to the JV in accordance with the terms of the Investment Agreement.

The JV's activities will be financed, in particular, through cash loans granted by BoomBit, with the total value of all cash loans granted by BoomBit to the JV at no time exceeding: PLN 1,200,800. The interest rate on the loan will be WIBOR 3M+ margin. The loan will be repayable at any time by the JV Board, but no later than 24 months from the date of the loan agreement. Loans will be disbursed in tranches upon the achievement of agreed milestones.

If, despite the granting of the above-mentioned loans, the continued operation of the JV requires the granting of further JV financing, further loans may be granted by the shareholders pro rata to their shareholdings as at the date of the subsequent loans with the consent of BoomBit (the "Pro Rata Loan").

BoomBit will be entitled to an option to purchase the JV shares held by the Issuer if the milestones are not met or the Issuer fails to make pro rata Loans, despite a call by BoomBit to make such a loan within the timeframe specified in such call but not less than 10 business days (the "Call Option").

The purchase price per share subject to the Call Option will be equal to the quotient of the net asset value on the last day of the month preceding the exercise of the Call Option and the number of Shares in the share capital of the JV on the date of exercise of the Call Option, unless otherwise provided for in the Investment Agreement. The total exercise price of the Call Option being the product of the price determined in accordance with the first sentence and the number of Shares to be acquired (the "Exercise Price"). If the net asset value per share on the last day of the month preceding the exercise of the Call Option is less than the nominal value of the shares, the nominal value of those shares will be used instead of the net asset value on the last day of the month preceding the exercise of the Call Option for the purpose of calculating the Exercise Price.

The investment agreement contains provisions regarding restrictions on the transfer of shares in the JV and shareholders' priority rights. The investment agreement provides for contractual penalties, including for breach of non-competition provisions and breach of provisions relating to restrictions on the transfer of shares.

The parties have agreed that the Board of Directors of the JV shall be two-member and shall consist of one Board Member acting as President, appointed and removed on personal authority by BoomBit, and one Board Member appointed and removed on personal authority by the Issuer.

