



PRESS RELEASE

4 September 2018

1C ENTERTAINMENT FILES PROSPECTUS WITH KNF

1C Entertainment SA (the “Company”), registered in Warsaw, has filed a prospectus with the Polish Financial Supervision Authority (KNF) in connection with its planned public offering. The Company and its subsidiaries make up a capital group (the “Group”) operating in the segments of production of video games, distribution of third-party video games (via retail and digital channels), and specialized services for third-party publishers and independent development studios.

The Group has a well-established position on international markets in each of the three segments in which it operates. The productions it holds the rights to enjoy steady popularity among players all over the world. Releases of new series of the best-selling titles are planned. Meanwhile, work is underway on entirely new projects based on both existing and new IP.

The Group’s leading titles include such popular games as Men of War, King’s Bounty, and IL-2 Sturmovik.

“Our intention is to conduct the public offering this year,” said Nikolay Baryshnikov, President of the Management Board of 1C Entertainment. “We regard listing on the stock market as a further stage of growth. We have been connected with the video game industry for over 20 years. We have a wealth of experience in production and sale of video games, which has built the Group’s well-established position on international markets. We cooperate with the most important global players. We are planning to expedite growth of the Group’s development and publication activities, which are intended to be the main, but not only, driver of its growth.”

The most important companies in the 1C Entertainment Group are **Cenega**, handling the distribution of video games, and production and sale of game-related apparel and accessories; **Muve**, providing digital game distribution services, operating online stores with games and accessories; **Qloc**, a world-class firm offering specialized services for the video game industry (such as programming services, testing, and localization); and **1C Online Games**, publisher and developer of games for all platforms.

In 2017 the Group generated revenue of PLN 208.6m and EBITDA of ca. PLN 30m.

The main shareholder of 1C Entertainment SA is 1C Ltd Cyprus, a joint venture of 1C Software Company, registered in Moscow, and Baring Vostok Private Equity Fund IV.



DISTRIBUTION OF TRADITIONAL AND DIGITAL VIDEO GAMES

The business of the 1C Entertainment Group in the distribution segment is focussed on distribution of video games from the biggest international publishers. Games are sold through both physical and digital distribution.

The Group (via Cenega) is the largest independent distributor of video games in Central & Eastern Europe, with a market share in physical distribution of about 25%. Distribution covers four geographical markets—Poland, Czechia, Slovakia and Hungary—where the Group’s customers include the largest retail chains and other commercial buyers.

Cenega also handles coordination of promotional and marketing initiatives accompanying the market launch of games in the region.

Apart from distribution of video games in boxed versions, Cenega is also expanding its own brand Good Loot, under which it produces and sells various accessories and gadgets pursuant to distribution and licence agreements, including such brands as Star Wars, Marvel, Warhammer, DC Comics, and many others.

As part of the distribution segment, the Group is expanding the Muve platform, which was the first in Poland to offer the service of digital sale of video games on a major scale, and currently is the leading provider of services of this type for B2B customers, with a catalogue of over 3,300 games.

SPECIALIZED SERVICES FOR THE VIDEO GAME INDUSTRY

The segment of specialized services, offered by the 1C Entertainment Group via Qloc, is a response to the growing orders from publishers and developers in areas such as programming services, testing, and localization of games. The growing demand for outsourcing is tied to the significant level of outlays required to prepare a production meeting players’ high expectations. More and more often, producers focus mainly on the creative layer connected with preparing the narrative of the game and coordinating the work of external suppliers.

Over its 9 years in operation, Qloc has earned worldwide renown, becoming one of the few entities globally capable of delivering top-notch services in the areas of porting, comprehensive testing, and localization of games. The Group’s clients in this segment include many leading producers of video games, such as Warner Bros., Bandai Namco, Capcom, Ubisoft, and Take2.

PRODUCTION OF VIDEO GAMES

The video game production segment includes the following business lines:

- Production of video games for PC, consoles and mobile platforms
- Publishing of titles produced by external entities and indie developers.



The most important publishing series which the Group holds copyright to include Men of War, King's Bounty and IL-2 Sturmovik, which have sold many millions of copies to date. The historic sales results, high assessment by users, and broad base of potential customers mean high commercial potential for future titles based on this IP.

The Group is intensively growing its activity connected with production of its own video games for all popular platforms. Current projects include video games continuing existing series (Men of War and King's Bounty) as well as a new initiative from the free-to-play MMO genre. Apart from production of video games for stationary devices, the Group is expanding its activity connected with creation of mobile games.

In addition its own development projects, the Group also provides publication services for external development teams and has over 10 titles in its portfolio for 2018–2019 release.

For more information please contact:

Paulina Grocka, M+G

tel. (+48) 22 416 01 02, 514 044 194

e-mail: paulina.grocka@plusg.com.pl

More at: 1ce.games