



**Statement on Compliance with the Corporate Governance Rules  
in TEN SQUARE GAMES S.A.  
in 2019**

*which forms a separate part of the Management Board Report on activities  
of Ten Square Games S.A. Capital Group and Ten Square Games S.A.*

Wrocław, on 23 March 2020

**Disclaimer**

*This English language translation has been prepared solely for the convenience of English speaking readers. Despite all the efforts devoted to this translation discrepancies, omissions or approximations may exist. In case of any differences between the Polish and the English versions, the Polish version shall prevail. Ten Square Games S.A., its representatives and employees decline all responsibility in this regard.*

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**1. THE CORPORATE GOVERNANCE RULES THAT THE ISSUER IS SUBJECT TO AND INDICATING THE LOCATION, WHERE THE RULES ARE PUBLICLY AVAILABLE**

As from commencement of trading with the Company's shares on the regulated market, Ten Square Games S.A. (the Issuer, the Company) is subject to corporate governance rules included in the document entitled "Good Practices of Companies quoted on Warsaw Stock Exchange 2016", the contents of which is attached to Regulation no 26/1413/2015 of the Supervisory Board of Giełda Papierów Wartościowych w Warszawie S.A. dated 13 October 2015. The Rules came into force as from 1 January 2016. The contents of the Rules are available on the website of Giełda Papierów Wartościowych w Warszawie S.A. at <https://www.gpw.pl/dobre-praktyki>.

**2. THE SCOPE, IN WHICH THE ISSUER RESIGNED FROM COMPLIANCE WITH THE PROVISIONS OF THE CORPORATE GOVERNANCE RULES**

Since commencement of trading with the Company's shares on the regulated market, the Issuer has fully complied with the majority of the corporate governance rules.

Below the Issuer presents the explanation on the compliance with the following rule in 2019:

**Rule I.Z.1.** – The Company maintains the corporate website and besides information required by legal provisions it publishes the following information in a legible form and in separate place:

- **I.Z.1.8.** - specifications of selected financial data for the last 5 years of operation, in a format enabling processing of such data by recipients .

The Company intends to present data for the last 5 years of operation in a format enabling processing of such data by their recipients. The Company points out however that until 2016 the Company's financial statements were prepared in compliance with the Accounting Act of 29 September 1994, and after that year they have been prepared in compliance with the International Financial Reporting Standards . For the purpose of submission of the prospectus (in order to admit the shares to trading), the Company prepared Historical Financial Information in compliance with IFRS for years 2015-2017. Consequently, taking into account continuity and comparability of information, the company presents data starting from 1.01.2015.

Below the Issuer presents rules that were not applied in 2019 or were applied in a limited scope only.

**PART I. I. INFORMATION POLICY AND COMMUNICATION WITH THE INVESTORS**

**Rule I.Z.1.** – The Company maintains the corporate website and besides information required by legal provisions it publishes the the following information in a legible form and in separate place:

- **Rule I.Z.1.15** - I.Z.1.15. information concerning a description of the diversity policy applied by the company with respect to the company's authorities and key managers; the description should take into account such elements of diversity as: age, education faculty, age, professional experience as well as indicate the objectives of the applied diversity policy and its method of implementation in a given accounting period; if the company has not drawn up and does not implement a diversity policy, it shall provide justification of this decision on its website ;

**Explanation:** In 2019 the Company did not prepare and implement the diversity policy in respect to the Company's authorities and its key managers. Due to specific nature of the Company's activities and a need to acquire associates who have specialist knowledge, the Company's decisive criteria of selection of associates include their qualifications and professional experience, without regard to non-professional criteria, such as age or gender. However, the Company is aware of the meaning of diversity in selection of employees. As far as the HR policy is concerned, in compliance with the principles of equal treatment and non-discrimination, the Company supports the development of individual talents of employees, who are treated with dignity and respect regardless of their age, gender, professional experience, ethnic origin or nationality.

- **Rule I.Z.1.16** – information about a planned broadcasting of the general shareholders' meeting - not later than 7 days before the date of such general shareholders' meeting,

**Explanation:** In 2019 the Company did not make use of audio or video transmission of the General Shareholders' Meetings since it had no sufficient technical infrastructure to ensure such broadcasting and also, such provisions refer to disclosure of image of participants in the General Shareholders' Meeting, while such persons are not public ones. In relation to the foregoing, public disclosure of the image of such persons could lead to accusation of the Issuer of unauthorised use of the image. The Issuer does not exclude a possibility to apply such rule in the future together with the Company's development and creation of respective technical possibilities;

– **Rule I.Z.1.20** - records of general shareholders' meetings in audio or video form,

**Explanation:** In 2019 the Company did not publish the records of general shareholders' meetings due to high costs and minute interests of the shareholders in participation in the meeting so far, as well as due to the fact that there was no sufficient technical infrastructure to ensure such broadcasting. Moreover, such records entail disclosure of image of participants in the General Shareholders' Meeting, while such persons are not public ones. In relation to the foregoing, public disclosure of the image of such persons could lead to accusation of the Issuer of unauthorised use of the image. The Company allows the possibility to comply with this rule in the upcoming financial years in respect to uploading of the records of general shareholders' meetings in an audio form on the website, if such interest is shown by the Company's shareholders, including the minority shareholders (stock exchange investors). Immediately after adoption of resolutions by the General Shareholders' Meeting, the Company publishes a current report with the contents of resolutions adopted by the General Shareholders' Meeting and the contents of appendices to such resolutions together with number of shares, under which valid votes were cast, information that the General Shareholders' Meeting resigned from discussion of any issue in the planned agenda and objections to the minutes raised during the General Shareholders' Meeting. In the future, in case of noticeable growth of interest, the Company will consider compliance with this rule;

### **PART III. INTERNAL FUNCTIONS AND SYSTEMS**

**Recommendation III.R.1.** – The Company's structure distinguishes units responsible for completion of tasks in individual systems or functions, unless distinguishing of such organizational units is not justified given the size or type of activity conducted by the Company;

**Explanation:** In 2019 the Company's structure did not distinguish a separate internal audit function and did not appoint persons to separate positions responsible for risk management and compliance. In the Company's opinion, the type and scale of activity performed by the Company do not require distinction of such functions in the Company. Moreover, due to the specific nature of the Company's activities, there are no economic reasons to establish further administrative positions in the Company's structure. The obligations in this field were distributed among existing HR resources;

**Rule III.Z.3** – The independence principles defined by generally recognized international standards of internal audit practice apply to the person who completes the internal audit function and other persons responsible for completing such person's tasks;

**Explanation:** there is the Audit Committee in the Company. The Company does not plan to distinguish a separate internal audit function besides the Audit Committee. The obligations in this field were distributed among existing HR resources;

**Rule III.Z.4** – The person responsible for internal audit (in case such function is distinguished in the company) and the management board shall present the supervisory board with independent assessment of effectiveness of the systems and functions referred to in rule III.Z.1, along with an appropriate statement, at least annually.

**Explanation:** No separate internal audit function has been distinguished in the Company's structure. The obligations in this field were assigned among existing HR resources;

### **PART IV. THE ANNUAL GENERAL MEETING AND RELATIONS WITH SHAREHOLDERS**

**Recommendation IV.R.2.** - If reasonable due to the structure of shareholding or shareholders' expectations presented to the Company, if the Company is able to ensure the technical infrastructure necessary for smooth organisation of the general shareholders' meeting via means of electronic communication, should enable shareholder's participation via such means, in particular via: 1) broadcasting of general shareholders' meeting in real time, when shareholders may speak during the general



shareholders' meeting, while being in another place than the general shareholders' meeting, 2) two-directional communication in real time, when shareholders may speak during the general shareholders' meeting, while being in another place than the general shareholders' meeting, 3) execution of the right to vote personally or via a plenipotentiary during the general shareholders' meeting.

**Explanation:** In 2019 the Company did not have solutions enabling participation of shareholders in general shareholders' meetings via electronic communication means. In particular, the Company did not make use of audio or video transmission of the General Shareholders' Meetings and did not solutions ensuring use two-directional communication with shareholders in real time during the General Shareholders' Meeting, since it had no sufficient technical infrastructure to ensure such broadcasting (communication) and also, such broadcasting includes disclosure of image of participants in the General Shareholders' Meeting, while such persons are not public ones. Public disclosure of the image of such persons could lead to accusation of the Issuer of unauthorised use of the image. Moreover, in the Company's opinion, the shareholding structure does not justify the General Shareholders' Meeting that is conducted via means of electronic communication. Furthermore, the Company did not receive such request from shareholders. However, the Issuer admits a possibility that the recommendation will be applicable in the future, together with development of the Company and possible change of the shareholding structure justifying a possibility to hold the General Shareholders' Meeting via electronic communication means ;

**Rule IV.Z.2** – If the company's shareholding structure justifies this, the company shall guarantee generally available transmission of general shareholders' meetings in real time;

**Explanation:** In 2019 the Company did not make use of audio or video transmission of the General Shareholders' Meetings since it had no sufficient technical infrastructure to ensure such broadcasting and also, such provisions refer to disclosure of image of participants in the General Shareholders' Meeting, while such persons are not public ones. In relation to the foregoing, public disclosure of the image of such persons could lead to accusation of the Issuer of unauthorised use of the image . Moreover, in the Company's opinion, the shareholding structure does not justify broadcasting of General Shareholders' Meetings in real time. However, the Issuer admits a possibility that the rule will be applicable in the future, together with development of the Company and possible change of the shareholding structure justifying a possibility to hold the General Shareholders' Meeting in real time ;

**Rule IV.Z.3** – Representatives of mass media have a possibility to participate in general shareholders' meetings;

**Explanation:** The Company allows the presence of mass media in the course of the general shareholders' meetings after prior authorisation;

## **PART VI. WAGES AND SALARIES**

**Rule VI.R.1** – The remuneration of members of the company's governing bodies and key managers should follow the approved remuneration policy;

**Explanation:** The Company has not implemented a remuneration policy, the remuneration level of the members of the company's governing bodies and key managers is subject to individual arrangements and decisions made by the respective governing bodies of the Company. The Company applies the adequate remuneration level as compared to tasks, level of competence, scope of responsibilities at a given position, economic results generated by the Company, contribution of the persons concerned to the Company's development. In relation to legal changes and the obligation of the General Shareholders' Meeting to adopt the remuneration policy, the Company plans to draft and implement the policy on remuneration due to the management board and the supervisory board in the scope and on dates defined in applicable legal provisions ;

**Recommendation VI.R.2** – Remuneration policy should be closely related to the company's strategy, its short- and long-term goals long-term interest and results. It should also take into account the solutions aiming at preventing discrimination for any reasons ;

**Explanation:** The Company has not implemented a remuneration policy, the remuneration level of the members of the company's governing bodies and key managers is subject to individual arrangements and decisions made by the respective

governing bodies of the Company. The Company applies the adequate remuneration level as compared to tasks, level of competence, scope of responsibilities at a given position, economic results generated by the Company, contribution of the persons concerned to the Company's development. In relation to legal changes and the obligation of the General Shareholders' Meeting to adopt the remuneration policy, the Company plans to draft and implement the policy on remuneration due to the management board and the supervisory board in the scope and on dates defined in applicable legal provisions ;

**Recommendation VI.R.4** - The level of remuneration of the members of the company's governing bodies and key managers should be sufficient to acquire, maintain and motivate persons, who have necessary competences for proper management and supervision of the company. The remuneration should correspond to the scope of responsibilities assigned to individual persons and should take account of performance of additional functions, such as work in the committees of the supervisory board.

**Explanation:** In November 2019 the Appointment and Remuneration Committee was established in the Company's Supervisory Board. Upon establishment of the Committee, no remuneration was determined for its members for performance of an additional function by them. It was due to the fact that determination of remuneration of the Supervisory Board members falls within the scope of competences of the General Shareholders' Meeting (§ 12 sec. 5 point 11 of the Company's Articles of Association). The Management Board intends to include the issue of remuneration of the Supervisory Board Members for their functions executed in the Appointment and Remuneration Committee (as from the date of their appointment to the Committee) in the agenda of the next General Shareholders' Meeting of the Company.

**Rule VI.Z.2** – To tie the remuneration of Members of the Management Board and key managers to the company's long-term business and financial goals, the period between the allocation of options or other instruments linked to the Company's shares under the incentive scheme and their exercisability should be no less than two years;

**Explanation:** The Company does not apply this rule to financial instruments purchased by persons covered by the incentive system established in the Company;

**Rule VI.Z.4** – In the Report on its activities, the Company presents the report on the remuneration policy containing at least: 1) general information on the remuneration system adopted in the company, 2) information on the conditions and amount of remuneration of every management board member with division into fixed and variable elements, and with specification of key parameters of determination of variable elements of the remuneration and principles of disbursement of severance pay and other payments related to termination of an employment relationship, order or another legal relationship of similar nature - separately for the company and every entity belonging to the capital group, 3) information on non-financial elements of remuneration, to which management board members and key managers are entitled, 4) specification of essential changes introduced during the last financial year to the remuneration policy, or information that there were no such changes, 5) assessment of operation of the remuneration policy from the point of view of fulfilment of its objectives, in particular long-term growth of value for shareholders and stability of operation of the enterprise;

**Explanation:** In 2019 the Company did not apply a formalised remuneration policy, so it did not prepare a respective report.

### 3. **DESCRIPTION OF THE MAIN CHARACTERISTICS OF THE INTERNAL CONTROL AND RISK MANAGEMENT SYSTEMS APPLIED IN THE ISSUER'S COMPANY WITH RESPECT TO THE PROCESS OF DRAWING UP FINANCIAL STATEMENTS AND CONSOLIDATED FINANCIAL STATEMENTS**

The Management Board of every company belonging to Ten Square Games S.A. Capital Group is responsible for the internal control system in the company and efficiency of its operation in the process of drawing up financial statements.

The content-related supervision on the process of drawing up the Issuer's financial statements and periodical reports is exercised directly by the Management Board. The Management Board is also directly responsible for organisation of works related to drawing up of financial statements required by legal provisions.

In 2019 the ledgers of the companies belonging to Ten Square Games S.A. capital group are kept by in-house accounting department.

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Financial statements are prepared on the basis of financial data derived from the financial and accounting system, in which transactions are registered in compliance with the Company's accounting policy based on the Internal Accounting Standards. In case of consolidated statements, the data are derived directly from the accounting system and then undergo consolidation adjustments .

Financial statements prepared by the Management Board are provided to the Supervisory Board for the purpose of activities provided for in the Code of Commercial Companies, that is for the purpose of their assessment.

Annual and semi-annual (consolidated and the Issuer's separate) financial statements are subject to independent audit/review performed by the chartered auditor elected by the Company's Supervisory Board. The results of the audit are presented to the Management Board and Supervisory Board, and a report on examination of the annual statement - also to the General Shareholders' Meeting.

Financial statements of subsidiaries are not subject to the mandatory audit accounting to the Accountancy Act of 29 September 1994. These statements are submitted for approval to the Ordinary General Shareholders' Meeting of the company concerned.

**4. SPECIFICATION OF SHAREHOLDERS WHO HOLD, DIRECTLY OR INDIRECTLY, SIGNIFICANT PACKAGES OF SHARES**

According to statements received by the Company in compliance with the applicable legal provisions, this table presents shareholders who held, directly or indirectly, at least 5% of the total number of votes at the General Shareholders' Meeting as at 31/12/2019:

Shareholder	No. of shares	Stake in the share capital	Number of votes at the General Shareholders' Meeting	share (%) in the number of shares
Shareholders' Association <sup>1</sup> including:	4,603,750	63.58%	4,603,750	63.58%
Maciej Popowicz	2,852,500	39.39%	2,852,500	39.39%
Arkadiusz Pernal	1,365,000	18.85%	1,365,000	18.85%

<sup>1</sup>The state according to the current report no 30 of 21 October 2019

After 31/12/2019 there were changes in the shareholding. The table below presents shareholders who hold, directly or indirectly, at least 5% of the total number of votes at the General Shareholders' Meeting as at 23/03/2020.

Shareholder	No. of shares	Stake in the share capital	Number of votes at the General Shareholders' Meeting	share (%) in the number of shares
Shareholders' Agreement <sup>1</sup> including:	3,631,526	50.15%	3,631,526	50.15%
Maciej Popowicz	2,200,788	30.39%	2,200,788	30.39%
Arkadiusz Pernal	1,053,138	14.54%	1,053,138	14.54%

<sup>1</sup>According to the current report no 10 dated 31 January 2020

**5. IDENTIFYING THE HOLDERS OF ALL SECURITIES TO WHICH SPECIAL CONTROL RIGHTS ARE ATTACHED, ALONG WITH DESCRIPTION OF THOSE RIGHTS**

All the Issuer's shares are ordinary bearer shares. Every share entitles to one vote at the General Shareholders' Meeting. Shares are not connected with any privileges, in particular concerning special control rights.

The Articles of Association vest personal rights in Mr Maciej Popowicz and Mr Arkadiusz Pernal in respect to appointment of members of the Supervisory Board. According to the Articles of Association, as long Mr Maciej Popowicz is the Company's shareholder, who has the Company's shares: 1) representing at least 10%, but not more than 20% of the Company's share capital, Mr Maciej Popowicz shall have the personal right to appoint and dismiss 1 (one) member of the Supervisory Board, who performs the function of the Chairperson of the Supervisory Board; 2) representing at least 20%, but not more than 30% of the Company's share capital, Mr Maciej Popowicz shall have the personal right to appoint and dismiss 2 (two) members of the Supervisory Board, including the one who performs the function of the Chairperson of the Supervisory Board; 3) representing at least 30% of the Company's share capital, Mr Maciej Popowicz shall have the personal right to appoint and dismiss 3 (three) members of the Supervisory Board, including the one who performs the function of the Chairperson of the Supervisory Board.

As long Mr Arkadiusz Pernal is the Company's shareholder, who has the Company's shares representing at least 10% of the Company's share capital, Mr Arkadiusz Pernal shall have the personal right to appoint and dismiss 1 (one) member of the Supervisory Board.

## **6. SPECIFICATION OF ALL RESTRICTIONS CONCERNING EXERCISING OF THE VOTING RIGHTS**

### **The Articles of Association**

According to the Articles of Association, there are no restrictions concerning exercising the voting rights such as restrictions in exercising the voting rights by holders of a defined number of shares, time restrictions as to exercising of voting rights or provisions, pursuant to which capital rights linked to securities are separated from ownership of securities.

### **Agreement with Haitong Bank S.A. Joint stock Company, Branch in Poland**

Mr Maciej Popowicz undertook in relation to Haitong Bank S.A. Joint stock company Branch in Poland, performing the role of the Offeror, Offer Coordinator and Bookrunner in relation to the public offer of the Company's shares and applying for entrance and introduction of shares to trading on the regulated market operated by Giełda Papierów Wartościowych w Warszawie S.A., that in the period from 29 March 2018 and for 12 months from the date of allocation of shares subject to the public offer, without the Offeror's prior consent, he will not request for convening, convene or undertake other activities aimed at convening of the Company's General Shareholders' Meeting with an agenda including adoption of the following resolution by the Company (i) increase of the Company's share capital through issue of new shares or (ii) conditional increase of the Company's share capital and related issue of subscription warrants entitling to subscription of the Company's shares (together "Resolutions" or separately "Resolution"). If the General Shareholders' Meeting is convened (in the above mentioned period) and adoption of any of the Resolution is included in the agenda, Mr Maciej Popowicz undertook to participate in such General Shareholders' Meeting and undertook that without the Offeror's written consent he will not vote for adoption of any of such Resolutions. The above mentioned obligation expired on 25.04.2019.

## **7. SPECIFICATION OF ALL RESTRICTION CONCERNING TRANSFER OF OWNERSHIP RIGHTS TO THE ISSUER'S SECURITIES**

### **The Articles of Association**

According to the Articles of Association, there are no restrictions concerning transfer of ownership rights to the Issuer's securities.

### **Agreement with Haitong Bank S.A. Joint stock Company, Branch in Poland**

On 29 March 2018 the Company and all the Company's shareholders entered into an agreement with Haitong Bank S.A. Joint stock company Branch in Poland, performing the role of the Offeror, Offer Coordinator and Bookrunner in relation to the public offer of the Company's shares and applying for entrance and introduction of the Company's shares to trading on the regulated market operated by Giełda Papierów Wartościowych w Warszawie S.A., in respect to restriction concerning the disposition with the Company's share in relation to the first public offer and entrance and introduction of the Company's shares to trading on the regulated market ("Lock-Up Agreement").



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Details about restrictions related to transfer of the ownership rights to the Issuer's shares, that have been established under the Lock-Up Agreement were specified in the Company's Prospectus in the part entitled *Terms and Conditions of the Offer – Sub-issue, Stabilisation and Contractual Restrictions in Marketability of Shares*.

The restrictions described above expired on 25/10/2019.

**Agreement with WOOD & Company Financial Services a.s.**

In relation to the accelerated growth process of the order book, that is directed only to selected investors, which fulfil specific criteria ("ABB"), the Company's shareholders, Mr Maciej Popowicz and Mr Arkadiusz Pernal undertook in relation to WOOD&Company Financial Services a.s. to follow the restrictions of marketability of other Company's shares, owned after ABB, for a period of 180 days from the date of the sale transaction settlement. The sale transaction was settled on 31.01.2020.

**Incentive programme**

In March 2018 Company's the General Shareholders' Meeting adopted the incentive programme for key employees and associates of Ten Square Games S.A. Capital Group.

On the basis of the resolution concerning the incentive programme, the Company's share capital was conditionally raised, excluding the subscription right of the current shareholders, by an amount that is not higher than PLN 6 547.50 through issue of not more than 65 475 of ordinary registered B series shares of the nominal value of PLN 0.1 each. B series shares could be subscribed by holders of registered subscription warrants of A series, which were issued in a number not exceeding 65 475 on the basis of the Resolution concerning the incentive programme.

In January 2019, the Company's General Shareholders' Meeting agreed on a change related to the incentive programme in form of:

- a) replacement of the condition share capital with the authorised capital;
- b) deletion of subscription warrants - after they fulfil the terms and conditions of the programme, the participants in the programme receive bearer shares with an aim to reduce marketability (so called lock-up) for a period defined in the programme regulations;
- c) increase of the pool of shares that may be allocated in the duration of the programme (the pool of the programme after changes: 101 850 of ordinary B series bearer shares of the nominal value of PLN 0.1).

The incentive programme covers years 2018-2020, and shares may be subscribed in three tranches - for financial year 2018 (tranche 1), 2019 (tranche 2) and 2020 (tranche 3).

Participants in the programme will have the right to sell shares acquired under tranche 1 no earlier than on 1 July 2020. Participants in the programme will have the right to sell shares acquired under tranche 2 no earlier than on 1 January 2021. Participants in the programme<sup>3</sup> will have the right to sell shares acquired under tranche 3 no earlier than on 1 September 2021.

In March 2018, November 2018, March 2019 and November 2019, the Issuer's Supervisory Board adopted resolutions on determination of the list of Participants in the Programme and initially allocated 81 612 warrants of shares (now shares): 16 245 under tranche 1, 26 915 under tranche 2 and 35 582 under tranche 3.

**8. DESCRIPTION OF RULES OF APPOINTMENT AND DISMISSAL OF MANAGING PERSONS AND THEIR POWERS, IN PARTICULAR THE RIGHT TO MAKE THE DECISION ON ISSUE OR REDEMPTION OF SHARES**

The Members of Ten Square Games S.A.'s Management Board are appointed and dismissed in compliance with the Code of Commercial Companies and provisions of the Articles of Associations. The Management Board consists of one to five persons, including the President of the Management Board, Vice Presidents of the Management Board and Members of the Management Board. The of the Management Board is appointed and dismissed by the Supervisory Board. The common term of office of the Members of the Management Board is 3 years. Mandates of the Management Board members expire as of the date of the General Shareholders' Meeting approving the financial statements for the last whole financial year of performing the function of the

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members of the Management Board. A mandate of the Management Board Member expires also in result of death, resignation or dismissal of the Member from the Management Board. The Management Board Members may be re-appointed to the Management Board for the following terms of office.

In case of the Management Board consists of many members, the Company shall be represented by two Management Board members acting jointly or one Management Board member acting together with a proxy. In case of the Management Board consisting of one member, the Company shall be represented by this sole Management Board member acting of his/her own.

The Management Board manages the Company's issues, manages its property and represents the Company outside. Furthermore, the competences of the Management Board include all issues that are not reserved for the General Shareholders' Meeting or the Supervisory Board.

The Issuer's Management Board is not entitled to make independent decisions on issue of shares. According to the applicable provisions and the Articles of Association, issue of shares and increase of the share capital by the Company requires a respective resolution of the General Shareholders' Meeting.

On 14 January 2019 the Issuer's General Shareholders' Meeting adopted the resolution authorising the Company's Management Board to raise the Company's share capital by an amount not higher than PLN 10 185.00 (ten thousand one hundred eight five zloty 00/100) through issue of not more than 101 850 (one hundred one thousand eight hundred fifty (ordinary bearer B series shares of the nominal value of PLN 0.10 (in words: ten grosz) each by 31.12.2021 in form of one or more increases of share capital within the limits of the authorised capital only for the purpose of fulfilment of the incentive programme and in compliance with the principles and conditions of fulfilment of the incentive programme defined in its regulation and the resolution of the Extraordinary General Shareholders' Meeting.

The Issuer's Management Board is entitled to purchase the Company's shares only according to rules of the Code of Commercial Companies concerning purchase of own shares.

## **9. DESCRIPTION OF PRINCIPLES OF AMENDMENTS TO THE ISSUER'S ARTICLES OF ASSOCIATION**

According to provisions of article 430 § 1 of the Code of Commercial Companies, an amendment of the Articles of Association requires a resolution of the General Shareholders' Meeting and registration in the register.

According to article 402 § 2 of the Code of Commercial Companies, an announcement on convening of the General Shareholders' Meeting, whose agenda includes intended amendment of the Articles of Association, should refer to the applicable provisions and the contents of draft amendments.

If it is justified with significant scope of intended amendments, the announcement may include draft new uniform Articles of Association with specification of new or amended provisions of Articles of Association.

According to article 415 § 1 of the Code of Commercial Companies, a resolution concerning amendments of the Articles of Association shall be adopted by three fourths of votes, but according to article 415 § 3 of the Code of Commercial Companies, a resolution concerning amendments of the Articles of Association that increase the payments of shareholders or reducing rights granted personally to individual shareholders requires consent of all the shareholders concerned.

**10. THE METHOD OF OPERATION OF THE GENERAL SHAREHOLDERS' MEETING'S AND ITS GENERAL RIGHTS AS WELL AS THE DESCRIPTION OF THE SHAREHOLDERS' RIGHTS AND THE METHODS OF EXERCISING THEM - IN PARTICULAR THE RULES RESULTING FROM THE REGULATIONS OF THE GENERAL SHAREHOLDERS' MEETING, IF SUCH REGULATIONS HAVE BEEN ADOPTED AND IF SUCH INFORMATION IS NOT PROVIDED FOR BY THE PROVISIONS OF LAW**

**Procedures of operation of the General Shareholders' Meeting**

In 2019 the General Shareholders' Meeting was convened twice. The General Shareholders' Meeting was convened in compliance with the provisions of the Code of Commercial Companies, the Articles of Association and the Regulation of the General Shareholders' Meeting.

According to the Issuer's Articles of Association, the General Shareholders' Meetings may be held in the Company's registered office of in Warsaw. The General Shareholders' Meeting may be ordinary or extraordinary. The Ordinary General Shareholders' Meeting is convened by the Management Board no later than within 6 (six) months after end of every financial year. If the Management Board does not convene the Ordinary General Shareholders' Meeting in the period of time specified above, the Supervisory Board will be entitled to convene the Ordinary General Shareholders' Meeting. The Extraordinary General Shareholders' Meeting is convened by the Management Board for the purpose of examination of issues that must be promptly decided, on its own initiative, on request of the Supervisory Board or shareholders representing at least 1/20 of the share capital. The General Shareholders' Meeting is convened through announcement that should be made at least 3 (three) weeks before the date of the General Shareholders' Meeting, and if the Company becomes a public company - the General Shareholders' Meeting is convened through an announcement published on the Company's website that should be published no later than 26 (twenty six) days before the date of the General Shareholders' Meeting.

Resolutions may be adopted without formal convening if the whole share capital is represented, and nobody present raises objection to holding of the General Meeting or including of certain matters in the agenda. If the provisions of the Code of Commercial Companies or the Articles of Association do not provide otherwise, the General Shareholders' Meeting shall be valid regardless of the number of shares represented. The resolutions of the General Shareholders' Meeting are adopted with the absolute majority of votes, unless other provisions of the Articles of Association or the Code of Commercial Companies provide otherwise. Voting at the General Assembly is open. Secret ballot is ordered in case of elections and proposals of dismissal of the members of the Company's authorities or liquidators, their liability, in personal cases and on request of at least shareholder present or represented at the General Shareholders' Meeting .

The General Shareholders Meeting shall be opened by the Chair of the Supervisory Board, or in case of his/her absence - by one of the members of the Supervisory Board, or – in their absence – by the President of the Management Board or a person designated by the Management Board. Then, the Chair of the General Shareholders' Meeting shall be elected among persons authorised for participation in the General Shareholders' Meeting . The General Shareholders' Meeting may adopt resolutions only on issues included in the agenda, unless the entire share capital is represented at the General Shareholders' Meeting and no present person has objected such resolution.

In January 2019, the Extraordinary General Shareholders' Meeting adopted the Regulation of the General Shareholders' Meeting and its provisions are published at the Issuer's website: <https://tensquaregames.com/investors>.

According to the Regulation of the General Shareholders' Meeting, the General Shareholders' Meeting shall be convened by means of an announcement published on the Company's website and in the way defined for announcement of current information in compliance with the provisions on public offer and terms and conditions of introduction of financial instruments to the organised trading system and on public companies. Announcement should be published at least 26 (twenty six) days before the date of the General Shareholders' Meeting. The General Shareholders' Meeting may be renounced, if there are extraordinary obstacles related to its convening or if it is obviously groundless. If the agenda of the General Shareholders' Meeting includes certain items placed there at a request from authorised parties or has been convened at a request from authorised parties, it may only be called off upon consent of the requesting parties. A General Shareholders Meeting shall be called off in the same manner as that in which it was convened, ensuring that any negative consequences for the Company and its shareholders are minimised.

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A date of the General Shareholders' Meeting may be changed in the same manner as renouncement, although the agenda is not changed.

Person opening the Meeting shall undertake activities aimed at immediate election of the Chairperson, he/she supervises voting on election of the Chairperson and chairs the meeting until the Chairperson is elected. The Chairperson shall be elected among persons authorised to participate in the General Shareholders' Meeting, and each shareholder has the right to propose one candidate. If more than one candidates for the function of Chairperson are proposed, the person opening the Meeting shall prepare a list of candidates, if they agree to candidate. The person with the biggest number of votes cast shall become the Chairperson. If at least two candidate receive the same number of votes, a supplementary vote is ordered until the Chairperson is elected. The Chairperson shall be elected in secret ballot. Immediately after election, the Chairperson signs the attendance list at the General Shareholders' Meeting and verifies, if the General Shareholders' Meeting has been duly convened and is able to adopt resolutions listed in the agenda.

Organisational issues may be included in the meeting by the Chairperson. The Chairperson may order organisational breaks in the meetings (this provision does not refer to a break referred to in article 408 § 2 of the Code of Commercial Companies, in case of which a resolution shall be adopted by the General Shareholders' Meeting). Breaks are ordered in justified cases and in the way that does not hinder exercising of their rights by the shareholders. In case of objection to an organisational break raised at least by one shareholder, organisation of such break shall be voted by the General Shareholders' Meeting.

Activities related to support of the proceedings of the General Shareholders' Meeting shall be managed by the Management Board, which may however entrust them to a specialist entity. Such contracts may concern, in particular, the handling of the voting process, including vote counting by means of computer devices.

The General Shareholders' Meeting may appoint a Vote Counting Committee, whose tasks include supervising of the correct process of voting. If a Vote Counting Committee has not been appointed, its tasks shall be performed by the Chairman.

Having determined that the General Shareholders' Meeting was duly convened and is capable of adopting valid and binding resolutions, and after appointment of a Vote Counting Committee (if any), the Chairperson shall present the proposed agenda and organises voting to approve the agenda. The General Shareholders' Meeting may adopt the proposed agenda without changes, check the order to individual items in the agenda or delete certain issues from the agenda, provided that a resolution on deletion of some items from the agenda may be adopted only if it is supported by significant reasons and request for discontinuation of the item shall be justified in detail by the person proposing it. Deletion from the agenda or discontinuation of examination of an item in the agenda by the General Shareholders' Meeting on a shareholder's request requires a resolution adopted by the General Shareholders' Meeting after prior consent of all shareholders, who have submitted such request. Without consent of the General Shareholders' Meeting, the Chairperson has no right to change an order of items included in the agenda.

After introducing each item of the agenda, the Chairperson of the General Shareholders' Meeting shall open a discussion by giving the floor to successive speakers in accordance with the "catch the Chairperson's eye" principle. The Chairperson may give the floor out of turn to the Members of the Management Board, Supervisory Board and invited experts. The Chairperson may decide to forbid a person to speak, if his/her speech deviates from the subject of a discussion or is longer than reasonable time of such utterance. The Chair may allow participants to speak out of turn on formal matters. After the discussion is closed, the Chairperson informs on the proposed provisions of a respective resolution and contents of requests submitted by authorised entities, if any. First of all, draft resolutions prepared by the entity that convened the General Shareholders' Meeting are voted as the first ones, and in case of a request for inclusion of a specific item in the discussion of the General Shareholders' Meeting by other authorised entities or bodies - drafts submitted by such persons.

Voting may be organised by means of an electronic voting system or without it. In case of voting without an electronic voting system, the Management Board is obliged to prepare an appropriate number of voting cards for every shareholder. A person participates in voting if he/she casts a vote "for", "against" or "abstains". If a participant in the General Shareholders' Meeting does not cast a vote in any manner specified above, the vote of this participant shall not be included in calculation of results of such voting.

If a resolution on a break in a meeting is adopted by the General Shareholders' Meeting, to maintain the continuity of the General Shareholders' Meeting it is not necessary to maintain the subjective identity of the Participants in the General Meeting. If a resolution on a break is the meeting is adopted by the General Shareholders' Meeting, resolutions adopted before the break should be recorded in the minutes with information that the General Shareholders' Meeting was interrupted. After reassumption of the General Shareholders' Meeting, resolution adopted in such part of the Assembly should be recorded in separate minutes, or in several separate minutes if there are several breaks. A list of attendance of Participants in the General Shareholders' Meeting participating in a given part of the General Shareholders' Meeting shall be attached to each minutes in a form of a notary deed. If the Chairperson elected before a break is not present, a new Chairperson shall be elected. The right to participate in the General Shareholders' Meeting shall be decided in compliance with principles defined in article 406<sup>1</sup> of the Code of Commercial Companies, and the periods specified therein shall be counted in relation to the announced date of the General Shareholders' Meeting, not in relation to the date of reassumption of the meeting. in case of change of the representative of a Shareholder, if a shareholder is represented by a new plenipotentiary, a new document of a power of attorney or another respective document should be submitted that authorises them to represent a shareholder at the General Shareholders' Meeting.

Besides minutes prepared in a form of a notary deed, the Chairperson may order additional recording of the whole or parts of the meeting by a Secretary appointed by the Chairman for this purpose. When all items on the agenda have been completed, the Chairperson shall close the General Shareholders' Meeting. At this moment it stops functioning as the Company's body, and the present participants in the General Shareholders' Meeting cannot adopt resolutions.

#### **Principal powers of the General Shareholders' Meeting**

The powers of the General Shareholders' Meeting comprise adoption of resolutions on items reserved for the competences of the General Shareholders' Meeting by legal provisions or the Articles of Association.

According to the Articles of Association, besides other issues specified in the Code of Commercial Companies, resolutions of the General Shareholders' Meeting are required for examination and approval of the report of the Management Board on the Company's activities and financial statements for the previous financial year, distribution of profit or coverage of loss, amounts of write-offs to the supplementary capital and other funds, determination of the date of determination the right to dividend, amount of dividend, acknowledgement of fulfilment of duties to the members of the Company's bodies, making decisions on claims for redress of damages caused upon establishment of the Company, performing management and supervision, disposal or hiring out an enterprise or its organised part and establishment of restricted property right on them, liquidation of the Company and appointment of a liquidator, issue of convertible bonds or with pre-emptive right and subscription warrants specified in article 453 § 2 of the Code of Commercial Companies, purchase of the Company's own shares in a case defined in article 362 § 1 point 2 of the Code of Commercial Companies and authorisation to purchase them in the case defined in article 362 § 1 point 8 of the Code of Commercial Companies, amendment of the Articles of Association, including adoption of resolution on increase or reduction of the share capital, entering into an agreement on management of a subsidiary, determination of remuneration principles for the Supervisory Board Members, adoption of the Regulation of the General Shareholders' Meeting, adoption of resolutions on redemption of shares, determination of a day when the list of shareholders entitled to divided for a given financial year (dividend date), taking other decisions defined by legal provisions and the Articles of Association and determining issues submitted by shareholders, the Management Board and the Supervisory Board , dissolution of the Company.

Resolutions of the General Shareholders' Meeting concerning issue of convertible bonds or with pre-emptive right and subscription warrants specified in article 453 § 2 of the Code of Commercial Companies, including adoption of resolutions on increase and reduction of the share capital are adopted with the majority of 3/4 of votes, unless the provisions of the Code of Commercial Companies defined more severe conditions.

A resolution on the Company's financing of purchase or subscription of shares that has been issued by it, shall be adopted with the majority of 2/3 of votes. If, however, at least a half of the share capital is represented at the General Shareholders' Meeting, an absolute majority of votes is sufficient for adoption of the resolution.

If the balance sheet drafted by the Management Board shows a loss higher than total supplementary and reserve capital and 1/3 of the share capital, the absolute majority of votes is sufficient for adoption of the resolution on dissolution of the Company.

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A resolution concerning amendments of the Articles of Association that increase the payments of shareholders or reduce rights granted personally to individual shareholders in compliance with article 354 of the Code of Commercial Companies requires consent of all the shareholders concerned.

Purchase and sale of real property, usufruct right or share in real property or in usufruct right or their encumbrance, in particular with limited property right, does not require consent of the General Shareholders' Meeting.

The majority of 2/3 of votes is required for adoption of resolutions on significant change of the Company's subject of activities and the Company's merger. Significant change of the subject of the Company's activities may take place without redemption of shares, if a resolution of the General Shareholders' Meeting on such change has been adopted with the majority of 2/3 of votes in presence of persons representing at least a half of the share capital.

Resolution on dismissal of the Management Board or a Member of the Management Board or suspension of all or some Members of the Management Board before lapse of their term of office requires the qualified majority of 2/3 of votes.

One share gives the right to one vote at the General Shareholders' Meeting.

### **Rights of a shareholder and exercising them in relation to the General Shareholders' Meeting**

Rights of a shareholder and exercising them in relation to the General Shareholders' Meetings that were convened in 2019 resulted from the Code of Commercial Companies, the Articles of Association and the Regulation of the General Shareholders' Meeting.

In January 2019, the Extraordinary General Shareholders' Meeting adopted the Regulation of the General Shareholders' Meeting and its provisions are published at the Issuer's website: <https://tensquaregames.com/investors>.

The Regulation of the General Shareholders' Meeting determines the following rights of the shareholders and the manner of exercising them:

- **request for convening of the General Shareholders' Meeting:** should be delivered to the Management Board: 1) in writing (that is personal delivery with confirmation of delivery or dispatch to the Company with confirmation of delivery) to the address of the Company's registered office; 2) in an electronic form as a PDF file sent to e-mail address [wza@tensquaregames.com](mailto:wza@tensquaregames.com); together with necessary documents, in particular documents essential for announcement of the General Shareholders' Meeting to be made by the Management Board. Together with the request, the shareholder shall send a copy (scan) of the share certificate issued to the holder's name and copies (scans) of documents enabling identification of a shareholder and persons acting on his/her behalf. A request for convening of the General Shareholders' Meeting should be justified;
- **request for inclusion of certain items in the agenda:** should be submitted to the Management Board not later than twenty one days before the due date of the General Shareholders' Meeting. The request should contain justification or the draft of the resolution related to the proposed item of the agenda. A request may be delivered : 1) in writing (that is personal delivery with confirmation of delivery or dispatch to the Company with confirmation of delivery) to the address of the Company's registered office; 2) in an electronic form as a PDF file sent to e-mail address [wza@tensquaregames.com](mailto:wza@tensquaregames.com). Together with the request, the shareholder shall send a copy (scan) of the share certificate issued to the holder's name and copies (scans) of documents enabling identification of a shareholder and persons acting on his/her behalf.
- **submitting draft resolutions on issues that are to be included in the agenda:** prior to the date of the General Shareholders' Meeting, a shareholder or shareholders representing at least one twentieth of the share capital may submit to the company draft resolutions related to the issues on the agenda or the issues that are to be included in the agenda. The request should contain justification or the draft resolution related to the proposed item of the agenda. A request may be delivered : 1) in writing (that is personal delivery with confirmation of delivery or dispatch to the Company with confirmation of delivery) to the address of the Company's registered office; 2) in an electronic form as a PDF file sent to e-mail address [wza@tensquaregames.com](mailto:wza@tensquaregames.com). Together with the request, the shareholder shall send a copy (scan) of the



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share certificate issued to the holder's name and copies (scans) of documents enabling identification of a shareholder and persons acting on his/her behalf;

- **presenting draft resolutions during the General Shareholders' Meeting:** during the General Shareholders' Meeting, each of shareholders may propose draft resolutions related to the issues on the agenda.
- **participation in the General Shareholders' Meeting:** the right to participate in the General Shareholders' Meeting is vested in persons who are the Company's shareholders on the Participation Registration Date, that is on the date of registration that fall sixteen days before the date of the General Shareholders' Meeting. The Participation Registration Date is the same for holders of bearer shares and registered shares ;
- **review of the list of shareholders:** a shareholder may review a list of shareholders authorised to participate in the General Shareholders' Meeting in the offices of the Management Board and demand a copy of the list upon reimbursement of the costs of preparation of such copy ;
- **request for delivery of the list of shareholders:** the Company's shareholder may request a list of shareholders authorised to participate in the General Shareholders' Meeting to be sent via e-mail free of charge, and shall provide own e-mail address, where such list should be sent ;
- **participation in the General Shareholders' Meeting personally or via a plenipotentiary:** a shareholder who is a natural person may participate in the General Shareholders' Meeting and exercise the voting right personally or via a proxy (-ies). A shareholder not being a natural person may participate in the General Shareholders' Meeting and exercise the voting right through a person authorized to make declarations of will on the shareholder's behalf or through a proxy (-ies). Power of attorney for participation in the General Shareholders' Meeting and exercising of the voting right must be granted in writing or in an electronic form. A written document confirming the right to represent a shareholder at the General Shareholders' Meeting is assumed to be legitimate, unless its authenticity or prima facie validity arise doubts of the Company's Management Board or the Chairperson of the General Shareholders' Meeting. A power of attorney in an electronic form does not require a safe electronic signature that is verified by means of a valid qualified certificate. The Company should be notified on granting of an electronic power of attorney at e-mail address [wza@tensquaregames.com](mailto:wza@tensquaregames.com). Together with notification about granting on an electronic power of attorney, a shareholder shall send a scan of granted power of attorney and scan of documents enabling identification of a shareholder as the plenipotentiary and the appointed proxy ;
- **request for check of the attendance list:** on request of the shareholders holding one tenth of the share capital represented at the General Shareholders' Meeting, the attendance list should be checked by the commission elected for this purpose, consisting of at least three persons. The persons who submit the request may elect one member of the committee.
- **be a candidate for a function of a member of the vote computing committee and chairperson of the General Shareholders' Meeting and a right to propose a candidate for a function of a member of the vote computing committee and chairperson ;**
- **take floor during discussions:** after introducing each item of the agenda, the Chairperson of the General Shareholders' Meeting shall open a discussion by giving the floor to successive speakers in accordance with the “catch the Chairperson's eye” principle. Speakers shall be allowed to speak only about matters included in the agenda of the Meeting and which are currently under consideration. The Chairperson may decide to forbid a person to speak, if his/her speech deviates from the subject of a discussion or is longer than reasonable time of such utterance;
- **propose amendments to provisions of resolutions:** until decision on voting of a draft resolution an entity or another entitled person who has proposed a draft resolution, may propose own amendments to it. In such case the text with own amendments shall be considered the draft resolution. Other amendments to the main request (draft resolution) and other requests and a draft resolutions proposed by authorised persons are submitted for voting later in the order of their submission, unless further voting on an item in the agenda becomes unreasonable ;

- **a person participates in voting if he/she casts a vote "for", "against" or "abstains"**. If a participant in the General Shareholders' Meeting does not cast a vote in any specified manner, the vote of this participant shall not be included in calculation of results of such voting;
- **request for secret ballot;**
- **different voting in case of every share held:** before every voting the Chairperson should make it possible, for all shareholders who want to use such possibility, to vote differently in case of every share held in compliance with article 411(3) of the Code of Commercial Companies;
- **raising objection:** after every voting, the Chairperson of the General Shareholders' Meeting should make it possible for shareholders participating in voting and voting against, to raise objection and justify it briefly;
- **submitting a request for election of the Supervisory Board through voting in groups:** a request for voting in groups shall be submitted to the Company's Management Board by shareholders in writing in time that enables inclusion of election of the Supervisory Board Members in groups on the agenda .

#### 11. COMPOSITION AND CHANGES TO THE COMPOSITION OF THE ISSUER'S MANAGING, SUPERVISING OR ADMINISTRATIVE BODIES AND THEIR COMMITTEES OCCURRED IN THE LAST REPORTING YEAR AND THE DESCRIPTION OF THEIR FUNCTIONING

As at 31/12/2019 the managing bodies consisted of:

Management Board:

Maciej Popowicz – President of the Management Board;

Arkadiusz Pernal – Vice President of the Management Board;

Magdalena Jurewicz – Member of the Management Board.

#### **Principles of operation of the Company's Management Board**

In 2019 two Management Board Members acting together were authorised to represent the Company.

In 2019 the Company's Management Board acted on the basis of and within the limits of the applicable law, including in compliance with the provisions of the Code of Commercial Companies, as well on the basis of the Articles of Association and other provisions of the Company's internal acts. The Management Board applied and follow the set of corporate governance rules, in which scope the Company did not deviate from the set of rules issued by the entity managing the regulated market.

According to the Articles of Association, resolutions of the Management Board are adopted by an absolute majority of votes cast. If the number of opposing votes is equal, the vote of the President of the Management Board shall be decisive. The Management Board is deemed to be capable of adopting resolution if every Management Board Member has been notified in writing on a planned meeting and at least a half of the total number of the Management Board Members is present at a meeting. Meetings of the Management Board are held in a place specified by the Management Board or by means of remote direct communication means. Every Management Board Members has the right to convene a meeting . Every Management Board Member must receive a written notification, at least 7 (seven) days before the date of a meeting. In sudden cases, the President of the Management Board may decide on another manner and shorter period of notification of the Management Board Members on the date of a meeting or decide that a meeting is held outside the Company's registered office. The resolutions of the Management Board may be adopted, if all its members have been duly notified on the date and place of a meeting.

The Management Board Member notifies the Management Board on every conflict of interests in relation to the performed function or a possibility of a conflict of interests to arise and abstains from taking the floor in discussions and from voting on the issue, in which a conflict of interest has arisen.

**As at 31/12/2019 the supervisory bodies consisted of:**

**Supervisory Board:**

Maciej Zużalek – Chairperson of the Supervisory Board;

Rafał Olesiński - Deputy Chairperson of the Supervisory Board;

Marcin Chruszczyński - Member of the Supervisory Board;

Tomasz Drożdżyński - Member of the Supervisory Board;

Maciej Marszałek - Member of the Supervisory Board;

Wiktor Schmidt - Member of the Supervisory Board;

Milena Olszewska – Miszuris – Member of the Supervisory Board, who was appointed to the Supervisory Board by the Extraordinary General Shareholders' Meeting convened for 14 January 2019.

**Principles of operation of the Company's Supervisory Board**

In 2019 the Company's Supervisory Board acted on the basis of and within the limits of the applicable law, including in compliance with the provisions of the Code of Commercial Companies, the Regulation of the Supervisory Board, as well on the basis of the Articles of Association and other provisions of the Company's internal acts. The Supervisory Board adopted and followed recommendations and corporate governance rules and other provisions of documents issued by the entity operating the regulated market.

The Supervisory Board shall exercise permanent supervision over Company's operations in all fields of its activities.

The Supervisory Board is a collective body and consists of 6 (six) to 7 (seven) members. Meetings of the Supervisory Board are convened by the Chairperson, and if he/she is absent (or missing) - by the Deputy Chairperson. Meetings of the Supervisory Board are held when needed, however not less frequently than three times in a financial year. A meeting of the Supervisory Board takes place in the Company's registered office or in Warsaw, or in another place approved by all Members of the Supervisory Board.

The Supervisory Board takes decisions in form of resolutions, if a meeting is attended by at least half of its Members, and all Members have been duly invited. Resolutions of the Supervisory Board are adopted with the majority of votes in the presence of at least half of the members, unless the legal provisions or the provisions of the Articles of Association provide for more severe conditions of adoption of resolutions. If the voting is not solved (including in case of an even number of the Supervisory Board Members), the Chairperson of the Supervisory Board shall have the casting vote.

Voting shall be have a form of open vote. Secret ballot is ordered in case of voting of all personal issues. Regardless of this, secret ballot is ordered also on demand of at least one Supervisory Board Member.

The Chairperson (or Deputy Chairperson, if the Chairperson is not present) convenes a meeting of the Supervisory Board on his/her own initiative or within two weeks from the date of receipt of a request submitted by the Management Board or a Member of the Supervisory Board. The request referred to in the previous sentence should be made in writing and include proposed agenda. A meeting shall be chaired by the Chairperson of the Supervisory Board, and in his/her presence - by the Deputy Chairperson or another Member of the Supervisory Board. The person chairing the meeting manages its course, gives the floor, decides about voting and announces voting results.

The agenda of the meeting is defined by the person authorised to convene the meeting of the Supervisory Board. If the Supervisory Board is convened on request of the Management Board or a member of the Supervisory Board, the agenda should include items specified by the requesting person. Not later than three days before commencement of a meeting of the Supervisory Board the members of the Supervisory Board and the Management Board may submit requests for certain items to be included in the agenda. Requests may be submitted personally in writing or via e-mail or fax. The Supervisory Board may adopt resolutions on the matters not put on the agenda, if all its members are present and grand the consent to adopt the resolution.

The Supervisory Board may also adopt resolutions with formal convening when all members of the Supervisory Board are present and grant their consent to hold the meeting and to put specific issues on the agenda.

The members of the Supervisory Board may participate in the adoption of Supervisory Board's resolutions by casting their votes in writing via intermediation of another member of the Supervisory Board. The Supervisory Board may adopt resolutions without a meeting, in writing, and via remote direct communication means (by phone or in another manner that gives a possibility for all the Supervisory Board members to communicate with each other). A resolution adopted in a written manner or via remote communication techniques shall be valid provided that all Members of the Supervisory Board have been notified of the contents of the draft resolution, and at least a half of the Supervisory Board members have cast vote in the agreed period of time. A vote cast in the written mode, in writing with intermediation of another Supervisory Board member or by means of remote communication means must not refer to items put on the agenda at the meeting of the Supervisory Board, ir election of the Chairperson or Deputy Chairperson of the Supervisory Board, appointment of the Management Board members, dismissal or suspension of such persons.

A Member of the Supervisory Board shall inform the remaining Supervisory Board Members on a conflict of interests that has or may occur and shall abstain from discussions and voting on a resolution concerning the case affected by such conflict of interests.

A Supervisory Board Member confirms in relation to the remaining Supervisory Board Members that he/she fulfils the criteria of independence. An independent Supervisory Board Member should provide the Management Board with information on all circumstances entailing loss of his/her independence.

Minutes on meeting of the Supervisory Board are drafted by the chairperson of the meeting or a secretary appointed by the chairperson. The minutes should be drafted on ongoing basis during a meeting of the Supervisory Board. The minutes should be signed by the Members of the Supervisory Board, who are present at a meeting. The minutes should be also signed by the secretary, if he/she was appointed.

The Supervisory Board may appoint commissions or committees (including the Audit Committee or Remuneration Committee), both standing ones and to explain certain issues, provided that the subject of work of a commission or committee must be included in the scope of competence of the Supervisory Board. The Supervisory Board determines the members, manner of operation and competences of appointed commissions and committees.

### **Audit Committee**

**As at 31/12/2019 the Audit Committee consisted of:**

Marcin Chruszczyński – Chairperson of the Audit Committee;

Maciej Marszałek - Member of the Audit Committee;

Rafał Olesiński – Member of the Audit Committee;

Milena Olszewska - Miszuris – Member of the Audit Committee.

Ms Milena Olszewska – Miszuris has fulfilled the function in the Member of the Audit Committee since 01/09/2019.

As at 31 December 2019 Mr Marcin Chruszczyński, Mr Maciej Marszałek and Ms Milena Olszewska – Miszuris fulfilled the independence criteria specified in article 129 sec. 3 of the Act on Chartered Auditors, Auditor Companies and Public Supervision of 11 May 2017.

They have the following knowledge and skills in accountancy and audits of financial statements, and in the industry, where the Company operates:

- Mr Marcin Chruszczyński – knowledge and skills acquired during many years of work in the financial service sector in high responsible positions, e.g. in PwC in Rotterdam and in Wrocław, Bank of New York Mellon and now in O&W Analytics Sp. z o.o, which was also confirmed in 2004 with certification of ACCA (Association of Chartered Certified

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Accountants) and membership in ACCA. Moreover, Mr Marcin Chruszczyński was employed for 5 years at the position of the operating and financial officer in Nasza Klasa Sp. z o.o., the entity that managed social network, NK.pl, which was one of the biggest social platforms for on-line gaming in Poland;

- Mr Maciej Marszałek – knowledge and skills acquired during many years of experience in the financial branch (Bank Millennium, Link4 and in AXA Group) in the area of marketing and e-commerce.

As far as knowledge and skills in accountancy and audits of financial statements is concerned,

- Ms Milena Olszewska – Miszuris has knowledge and skills in the field of accountancy and audits of financial statements acquired while she studied in the following faculties: Quantitative Methods and Information Systems, as well as Finance and Banking with major in Investment Banking at the Warsaw School of Economic and during many years of employment in the analytical branch related to securities and companies from IT sector. Moreover, Mr Milena Olszewska – Miszuris has three international charters in finance: CFA (Chartered Financial Analyst), ACCA (Association of Chartered Certified Accountants) and FSA Credential (Fundamentals of Sustainability Accounting).

As far as knowledge and skills in the Company's branch is concerned,

- Mr Rafał Olesiński has knowledge and skills in the field of widely understood new technologies, legal issues (including the ones specified for the Company's branch) and fiscal ones.

The Audit Committee performs consulting and advisory functions for the Supervisory Board and the Company. The Committee performs functions defined in the Member of the Audit Committee Regulation, resolutions of the Supervisory Board, Act on Chartered Auditors, Auditor Companies and Public Supervision, the Regulation (EU) No 537/2014 of the European Parliament and of the Council of 16 April 2014 on specific requirements regarding statutory audit of public-interest entities and repealing Commission Decision 2005/909/EC and other regulations on functioning of public companies.

#### **The principles of operation of the Company's Audit Committee**

The Audit Committee works on the basis of its Regulation.

To fulfil its tasks, the Committee may:

- request, without intermediation of the Supervisory Board, information, explanation and delivery of documents necessary for fulfilment of the Committee's tasks;
- request discussion of the key issues resulting from the audit of financial statement by the auditing entity with the Committee, the Supervisory Board or the Management Board;
- invite third parties to meetings or sessions of the Committee, in particular experts in specific fields, obliging them to maintain confidentiality of information acquired in relation to such situation;
- request the Supervisory for commissioning of expert opinions to external experts in the field related to the work of the Audit Committee.

The Audit Committee works and adopts resolutions collectively. Meetings are convened by the Chairperson of the Committee or a person authorised by the Chairperson. In justified cases, a meeting may be convened by the Chairperson of the Supervisory Board, Deputy Chairperson or a person authorised by the Chairperson of the Supervisory Board. The remaining members of the Supervisory Board should be notified about the date, place and agenda of the planned meeting.

Minutes on the Committee's meetings are presented to the Supervisory Board.

Meetings of the Committee may be attended, without the right to vote, by the other members of the Supervisory Board, as well as members of the Management Board or third parties, if they are invited by the person convening the Committee's meeting, in particular when their presence is required by the nature of discussed issues. The Committee may adopt its resolutions without a meeting, in writing or through the utilisation of means of direct communication over distance.

The remaining scope, related to convening and course of the Committee's meeting, adopting resolutions without a meeting or via remote communication means and drafting of minutes, and other issues that are not regulated in the Audit Committee Regulation, the provisions of the Regulation of the Supervisory Board shall apply respectively.

In financial year 2019 there were 4 meetings of the Audit Committee.

#### **The Audit Committee's supervision of selection of the auditing company**

The selection process of the auditing company to perform the statutory auditor is conducted in the Company in compliance with the principles of "The Policy and procedure of selection of the auditing company to audit separate and consolidated financial statements" in force in the Company.

The Audit Committee prepares a recommendation of an auditing company.

A recommendation prepared by the Audit Committee, in case of selection of an auditing company that is to audit the Company's financial statements for the first time, shall contain the following elements:

- at least two possibilities of selection of an auditing company with justification and presentation of reasonable preferences of the Audit Committee in case of one of them,
- declaration that the recommendation has not been influenced by third parties,
- statement that the Company has not entered to agreements containing clauses referred to in article 66 sec. 5a of the Accountancy Act of 29 September 1994 ,
- prepared after the selection procedure referred to in clause 4 "The Policy and procedure of selection of the auditing company to audit separate and consolidated financial statements".

The recommendation prepared by the Audit Committee, if selection of an auditing company is related to renewal of an audit agreement with the current auditing company, shall contain the following elements:

- specification of an auditing company, to which audit is to be commissioned again,
- declaration that the recommendation has not been influenced by third parties,
- statement that the Company has not entered to agreements containing clauses referred to in article 66 sec. 5a of the Accountancy Act of 29 September 1994 ,

At the stage of preparation of the recommendation, the Audit Committee may take into account the following criteria:

- previous experience of the auditing company in audits of financial statements and consolidated financial statements of entities, including public companies;
- ability, including HR and organisational abilities, to ensure the full scope of services specified by the Company in the request for proposals, taking into account the professional nature of this activity ;
- price proposed by the audit company;
- possibility to conduct an audit in periods defined by the Company in a request for proposals ;
- impartiality and independence of the auditing company in relation to the Company and the Capital Group within the meaning in particular of article 69-73 of the Act on Chartered Auditors, Auditing Companies and Public Supervision of 11 May 2017;
- rights to perform an audit in compliance with the Act on Chartered Auditors, Auditing Companies and Public Supervision of 11 May 2017;
- fulfilment of the conditions of an impartial opinion in compliance with the Act on Chartered Auditors, Auditing Companies and Public Supervision of 11 May 2017;
- fulfilment of the conditions about rotation of the auditing company and key chartered auditor in compliance with the Act on Chartered Auditors, Auditing Companies and Public Supervision of 11 May 2017, and the Regulation (EU) No 537/2014 of the European Parliament and of the Council of 16 April 2014 on specific requirements regarding statutory audit of public-interest entities and repealing Commission Decision 2005/909/EC ;
- auditing company's compliance with the standards concerning audits of financial statements,



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- other justified criteria at the discretion of the Audit Committee.

Moreover, the recommendation of the Audit Committee must also comply with the Policy of permitted services.

When selecting an auditing company, the Supervisory Board is obliged to act in compliance with:

- the principle of auditing company rotation, according to which the maximum time of interrupted period of commissioned statutory audits performed by the same auditing company or an auditing company related to the first auditing company, or any members of the network operating in the EU countries, to which those auditing companies belong, must not exceed 5 years,
- the principle of auditing company grace period, according to which after the maximum time of interrupted period of commissioned statutory audits referred to above, the current audit company shall not undertake the statutory audit of the Company in the period of four subsequent years,
- the principle of rotation of the key chartered auditor, according to which the key chartered auditor must not perform the statutory audit in the Company for a longer period than 5 years . The key chartered auditor may again perform the statutory audit of the Company at least 3 years after the end of the last statutory audit,
- the principle of election of an auditing company for a period of at least 2 years.

The auditing company to perform the separate and consolidated financial statement for financial year 2019 was selected by the Company's Supervisory Board in form of a resolution adopted on 17 May 2019, after the Audit Committee presented a recommendation that fulfilled the applicable terms and conditions . The Supervisory Board selected the auditing company, PKF Consult Sp. z o.o. sp. k. to perform audits of semi-annual financial statements of Ten Square Games S.A. and semi-annual consolidated financial statements of Ten Square Games S.A. Capital Group for periods from 01.01.2019 to 30.06.2019, from 01.01.2020 to 30.06.2020 and from 01.01.2021 to 30.06.2021, as well as the audit of annual separate financial statements of Ten Square Games S.A. and annual consolidated financial statements of Ten Square Games S.A. Capital Group for years 2019, 2020 and 2021, which means that it decided to renew the agreement with PKF Consult Sp. z o.o. sp.k.

#### **Permitted services other than the audit/review**

In financial year 2019 auditing company, PKF Consult sp. z o.o. sp.k., did not rendered permitted services other than the audit/review to the Company. In relation to that and in the scope of rendering of such services, there was no need to perform an assessment of independence of the auditing company and give consent for rendering of permitted services other than the audit/review by the auditing company.

#### **Appointment & Remuneration Committee**

With the resolutions of the Company's Supervisory Board dated 22/11/2019, the Appointment and Remuneration Committee was established in the Supervisory Board and the members of the Appointment and Remuneration Committee were appointed (the members of the Appointment and Remuneration Committee as at 31/12/2019):

Milena Olszewska – Miszuris – Chairperson of the Appointment and Remuneration Committee

Maciej Zuzałek – Member of the Appointment and Remuneration Committee

Wiktor Schmidt – Member of the Appointment and Remuneration Committee.

The Appointment and Remuneration Committee performs consulting and advisory functions for the Supervisory Board in relation to employment and remuneration of the Management Board Members.

#### **The principles of operation of the Appointment & Remuneration Committee**

The Appointment and Remuneration Committee operates on the basis of its Regulations.

To fulfil its tasks, the Committee may:

- request, without intermediation of the Supervisory Board, for information, explanation and delivery of documents necessary for fulfilment of the Committee's tasks;

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- invite third parties to meetings or sessions of the Committee, in particular experts in specific fields, obliging them to maintain confidentiality of information acquired in relation to such situation;
- request the Supervisory for commissioning of expert opinions to external experts in the field related to the work of the Appointment and Remuneration Committee.

The Appointment and Remuneration Committee works and adopts resolutions collectively. Meetings of the Committee are held when needed. Meetings are convened by the Chairperson of the Committee or a person authorised by the Chairperson. In justified cases, a meeting may be convened by the Chairperson of the Supervisory Board, Deputy Chairperson or a person authorised by the Chairperson of the Supervisory Board. The remaining members of the Supervisory Board should be notified about the date, place and agenda of the planned meeting.

Minutes on the Committee's meetings are presented to the Supervisory Board.

Meetings of the Committee may be attended, without the right to vote, by the other members of the Supervisory Board, as well as members of the Management Board or third parties, if they are invited by the person convening the Committee's meeting, in particular when their presence is required by the nature of discussed issues. The Committee may adopt its resolutions without a meeting, in writing or through the utilisation of means of direct communication over distance.

The remaining scope, related to convening and course of the Committee's meeting, adopting resolutions without a meeting or via remote communication means and drafting of minutes, and other issues that are not regulated in the Audit Committee Regulation, the provisions of the Regulation of the Supervisory Board shall apply respectively.

		<b>date</b>	<b>signature</b>
President of the Management Board	Maciej Popowicz	23/03/2020	
Vice-President of the Management Board	Arkadiusz Pernal	23/03/2020	
Member of the Management Board	Magdalena Jurewicz	23/03/2020	