



ten square\_games

**STATEMENT ON APPLICATION OF  
CORPORATE GOVERNANCE PRINCIPLES  
AT TEN SQUARE GAMES S.A.  
IN 2020**

**FORMING A SEPARATE PART OF THE MANAGEMENT BOARD'S REPORT ON THE  
ACTIVITIES TEN SQUARE GAMES S.A. GROUP  
TEN SQUARE GAMES S.A.**

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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## CORPORATE GOVERNANCE PRINCIPLES BINDING THE ISSUER AND THE INFORMATION ON WHERE THE TEXT OF THE RULES IS PUBLICLY AVAILABLE

Since the admission of the Company's shares to trading on the regulated market, Ten Square Games S.A. (the Issuer, the Company) is subject to the rules of corporate governance contained in the document „Good Practices of WSE Listed Companies 2016”, in the wording constituting an appendix to Resolution No. 26/1413/2015 of the Supervisory Board of the Warsaw Stock Exchange S.A. of 13 October 2015. The rules came into force on 1 January 2016. The content of the rules is available on the website of the Warsaw Stock Exchange. <https://www.gpw.pl/dobre-praktyki>.





# 2.

## THE EXTENT TO WHICH THE ISSUER HAS DEVIATED FROM THE CORPORATE GOVERNANCE RULES

Since the admission of the Company's shares to trading on the regulated market, the Issuer has applied the majority of corporate governance rules in full.

Below the Issuer provides an explanation of how the following principle was applied in the financial year 2020:

**Rule I.Z.1.** – The Company maintains a corporate website and publishes on it, in a legible form and in a separate place, in addition to information required by law:

» **I.Z.1.8.** – a summary of selected financial data of the company for the last 5 years of its operation, in a format allowing for the processing of these data by their recipients.

In 2020 the Company's presented the data for the last 5 years of its activity in a format allowing for processing of such data by its recipients. However, the Company points out that until 2016 the Company's financial statements had been drafted in accordance with the Polish Accountancy Act of 29 September 1994. Since 2016 the statements have been drafted in accordance with the International Financial Reporting Standards. For the purpose of submitting a prospectus (in order for the shares to be admitted to trading) the Company has drafted a Historical Financial Information in accordance with IFRS for the years 2015-2017. Therefore, in order to ensure continuity and comparability of information, the company presents data starting from 1.01.2015.

Below, the Issuing Party indicates rules, which in the tax year 2020 were not applied or were applied to a limited extent.

## PART I. INFORMATION POLICY AND COMMUNICATION WITH INVESTORS

**Rule I.Z.1.** – The Company maintains a corporate website and publishes on it, in a legible form and in a separate place, in addition to information required by law:

**Rule I.Z.1.15** – information containing a description of the company's diversity policy with respect to the company's authorities and key managers; the description should take into account such elements of the diversity policy as gender, field of education, age, professional experience, as well as indicate the objectives of the diversity policy and the manner of its implementation in the reporting period; if the company has not developed and is not implementing a diversity policy, it should provide justification of such decision on its website;

**Explanation:** In 2020 the Company neither developed nor implemented a diversity policy with respect to its governing bodies and key managers. Due to the specific nature of the Company's operations and the need to acquire associates with specialist knowledge, the decisive criterion for the Company when selecting associates remains their qualifications and professional experience, regardless of non-specialist criteria such as age or gender. Nevertheless, the Company is aware of the importance of diversity in the recruitment of employees. In the area of personnel policy, the Company, applying the principles of equal treatment and non-discrimination, supports

the development of individual talents of employees, whom it treats with dignity and respect regardless of age, gender, professional experience, ethnic origin or nationality. In addition, 2020 was the year in which TSG began to work on a mass scale with foreign specialists – during this period we hired more than 20 foreign employees and permanent co-workers, the vast majority of whom have a very positive impact on the increase of competences in our organization and its diversity

**Rule I.Z.1.16** – information on a planned broadcast of the General Meeting – no later than 7 days before the date of the General Meeting,

**Explanation:** Since 2020 the Company has broadcast its annual general meeting; the impetus for this was a desire to ensure the safety of shareholders and other participants during the COVID-19 pandemic;

**Rule I.Z.1.20** – recording the course of the general meeting in audio or video,

**Explanation:** Since 2020 the Company has posted a recording of the General Meeting on its website.





## PART II. INTERNAL SYSTEMS AND FUNCTIONS

**Recommendation II.R.1.** – The company establishes units responsible for the execution of tasks in particular systems or functions, unless the separation of organisational units is not justified due to the size or type of business conducted by the company;

**Explanation:** In 2020 the Company decided to outsource an internal audit function – the Company signed an agreement with a renowned consulting firm, which started performing the internal audit function in November 2020. In 2021 the Company and the Capital Group are planning to conduct audits of their particular individual operating areas.;

**Rule II.Z.3** – the principles of independence as set out in generally accepted international standards of professional practice of internal audit shall apply to the head of the internal audit and other persons responsible for its tasks;

**Explanation:** The Company has an Audit Committee. Additionally, in 2020 the Company decided to outsource an internal audit function – for this purpose the Company signed an agreement with a renowned consulting firm, which started performing the internal audit function in November 2020. The principles of independence as set out in generally accepted international standards of professional practice of internal audit apply to the head of the internal audit and other persons responsible for its tasks;

**Rule II.Z.4** – At least once a year, a person responsible for internal audit (in the case of the establishment of such a function in the company) and the Management Board shall present to the supervisory board their own assessment of the effectiveness of functioning of the systems and functions referred to in principle III.Z.1, together with an appropriate report.;

**Explanation:** The internal audit function was introduced in November 2020. The Company's Management Board and the members of the Audit Committee plan to have a representative of the internal audit firm and management present their own assessment of the effectiveness of the systems and functions referred to in Principle III.Z.1 to the supervisory board during the current year, together with an appropriate report;

## PART III. GENERAL MEETING OF SHAREHOLDERS AND RELATIONSHIPS WITH SHAREHOLDERS

**Recommendation III.R.2.** – Where justified by the shareholding structure or the expectations expressed to the company by shareholders, provided that the company is able to provide the technical infrastructure necessary for the smooth running of the general meeting by electronic means of communication, it should enable shareholders to participate in the general meeting, in particular, by means of: 1) real-time broadcast of the general meeting, 2) real-time bilateral communication where shareholders may take the floor in the course of the general meeting from a location other than the place of the general meeting, 3) exercising, in person or by proxy, the right to vote during the general meeting.

**Explanation:** Since 2020 the Company has employed solutions that enable shareholders to participate in the General Meeting using electronic means of communication, including video transmission of the General Meeting as well as it has employed solutions that ensure real-time two-way communication with shareholders during the General Meeting; the impetus for introducing this solution was the desire to ensure the safety of shareholders and other participants during the COVID-19 pandemic;

**Rule III.Z.2** – If justified by the company's shareholding structure, the company shall ensure that the general meeting is broadcast in real time to the public;

**Explanation:** Since 2020 the Company has employed solutions that enable shareholders to participate in the General Meeting using electronic means of communication, including video transmission of the General Meeting as well as it has employed solutions that ensure real-time two-way communication with shareholders during the General Meeting; the impetus for introducing this solution was the desire to ensure the safety of shareholders and other participants during the COVID-19 pandemic;

**Rule III.Z.3** – Media representatives are allowed to be present at general meetings;

**Explanation:** The Company allows for the presence of the media during a general meeting upon prior authorisation;





## PART IV. REMUNERATION

**Recommendation IV.R.2.** – Remuneration of members of the company's bodies and key managers should result from the adopted remuneration policy;

**Explanation:** The Company has implemented a remuneration policy applying to its bodies. The level of remuneration of key managers is subject to individual agreements and decisions of relevant bodies of the Company. Remuneration in the Company is adequate to the scope of tasks, level of competence, level of responsibility on a given position, obtained economic results of the Company, contribution of given persons to the development of the Company;

**Rule IV.Z.2** – In order to align the remuneration of members of the management board and key managers with the long-term business and financial objectives of the company, the period between the granting of options or other instruments related to the company's shares under the incentive scheme and the possibility of their execution should be at least 2 years;

**Explanation:** The company does not apply the above rule to financial instruments acquired by participants of the Company's incentive scheme;

**Rule IV.Z.4** – In the report on its activities, the Company presents a report on the remuneration policy, including at least the following: 1) general information on the remuneration system adopted in the company, 2) information on the terms and amount of remuneration of each member of the management board, broken down into fixed and variable components of remuneration, indicating the key parameters for determining variable components of remuneration and rules for payment of severance pay and other payments for termination of employment, orders or other legal relationship of a similar nature – separately for the company and each entity of the capital group, 3) information on non-financial components of remuneration to which individual members of the management board and key managers are entitled, 4) indication of significant changes in the remuneration policy during the last financial year, or information about their absence, 5) assessment of the functioning of the remuneration policy from the point of view of achieving its objectives, in particular long-term growth of shareholder value and stability of the company's functioning;

**Explanation:** By 30 April 2021, the Company will publish the Remuneration Report required pursuant to Article 90g, sections 1-5 and 8 of the Act on Public Offering, Conditions Governing the Introduction of Financial Instruments to Organised Trading, and Public Companies.



# 3.

## DESCRIPTION OF THE MAIN CHARACTERISTICS OF INTERNAL CONTROL AND RISK MANAGEMENT SYSTEMS USED IN THE ISSUER'S ENTERPRISE AND CAPITAL GROUP IN RELATION TO THE DRAFTING OF FINANCIAL STATEMENTS AND CONSOLIDATED FINANCIAL STATEMENTS

The Management Board of each of the companies in the Ten Square Games S.A. Capital Group is responsible for the internal control system in the company and its effectiveness in the process of drafting financial statements.

Substantive supervision of the process of drafting the Issuer's financial statements and periodic reports is exercised directly by the Management Board. The Management Board is also directly responsible for organising the work related to the drafting of the financial statements required by the regulations.

In 2020 the books of Ten Square Games S.A. Capital Group companies were kept by its own internal accounting department. The accounts of Ten Square Games Germany GmbH are kept by an accounting office in Berlin affiliated with a renowned law firm. The Parent Company's Finance Department reviews reports created by this accounting office and clarifies concerns as necessary.

The financial data underlying the financial statements come from the accounting and financial system, where transactions are recorded in accordance with the Company's accounting policy

based on International Accounting Standards. For the consolidated accounts, the data are taken directly from the accounting system and are then subject to consolidation adjustments.

The financial statements drafted by the Management Board are submitted to the Supervisory Board in order to undertake actions provided for in the provisions of the Commercial Companies Code, i.e. to assess them.

The annual and half-yearly financial statements (consolidated and separate for the Issuer) are subject to an independent audit/review by an auditor appointed by the Company's Supervisory Board. The results of the audit shall be submitted to the Management Board and Supervisory Board, and the report on the audit of the annual report shall also be submitted to the General Meeting.

The financial statements of the subsidiaries, including Ten Square Games GmbH, are not required to be audited in accordance with the Accounting Act of 29 September 1994. These reports shall be submitted for approval to the Ordinary General Meeting of Shareholders of a relevant company.





# 4.

## SHAREHOLDERS DIRECTLY OF INDIRECTLY HOLDING MAJOR SHARES

In accordance with the statements received by the Company under the applicable laws, the table below presents the shareholders holding directly or indirectly at least 5% of the total number of votes at the General Meeting of Shareholders as at 31 December 2020:

SHAREHOLDER	number of shares as at 31/12/2020	share in basic capital	number of votes at GSM	% share in the number of votes
Shareholders' Arrangement	3 739 649	51,46%	3 739 649	51,46%

After 31 December 2020 owners of shares changed. The table below presents the shareholders holding directly or indirectly at least 5% of the total number of votes at the General Meeting of Shareholders as at 22 March 2021

SHAREHOLDER	number of shares as at 22/03/2021	share in basic capital	number of votes at GSM	% share in the number of votes
Shareholders' Arrangement	3 022 321	41,59%	3 022 321	41,59%

# 5.

## HOLDERS OF ANY SECURITIES ENTITLING TO SPECIAL CONTROL COMPETENCES WITH A DESCRIPTION OF THOSE COMPETENCES

All shares of the Issuer are ordinary bearer shares. Each share gives the right to one vote at the General Meeting of Shareholders. No preference is attached to the shares, in particular concerning special control powers.

Shareholders Maciej Popowicz and Arkadiusz Pernal are granted personal rights to appoint members of the Supervisory Board, as provided for by the Articles of Association. In accordance with the Articles of Association, as long as Maciej Popowicz is a shareholder of the Company holding shares in the Company:

**1.** representing at least 10%, but not more than 20% of the Company's share capital – shareholder Maciej Popowicz has the personal right to appoint and dismiss 1 (one) member of the Supervisory Board acting as the Chair of the Supervisory Board;

**2.** representing at least 20%, but not more than 30% of the Company's share capital – shareholder Maciej Popowicz has the personal right to appoint and dismiss 2 (two) members of the Supervisory Board, including one acting as Chair of the Supervisory Board;

**3.** representing at least 30% of the Company's share capital – shareholder Maciej Popowicz has the personal right to appoint and dismiss 3 (three) members of the Supervisory Board, including one acting as Chair of the Supervisory Board.

As long as Arkadiusz Pernal is a shareholder of the Company holding shares representing at least 10% of the Company's share capital, Arkadiusz Pernal is entitled to appoint and dismiss 1 (one) member of the Supervisory Board.





# 6.

## ALL LIMITATIONS OF VOTE RIGHTS

In accordance with the Company's Articles of Association, there are no restrictions on the exercise of voting rights, such as restrictions on the exercise of voting rights by holders of a specific part or number of votes, time restrictions on the exercise of voting rights or provisions under which capital rights related to securities are separated from the holding of securities.



## INDICATION OF ANY RESTRICTIONS ON THE TRANSFER OF OWNERSHIP OF THE ISSUER'S SECURITIES

### The Company's Articles of Association

In accordance with the Company's Articles of Association, there are no limitations on the transfer of ownership of securities of the Issuing Party.

### Agreement with WOOD & COMPANY Financial Services a.s.

In connection with the accelerated book-building process addressed only to selected investors meeting certain criteria („ABB”), shareholders Maciej Popowicz and Arkadiusz Pernal committed to WOOD&Company Financial Services a.s. to comply with the restrictions on the transferability of the Company's remaining shares held by ABB for a period of 180 days from the settlement date of the sale transaction. The sale transaction was settled on 31 January 2020.

### Agreement with WOOD & COMPANY Financial Services a.s.

In connection with the accelerated book-building process addressed only to selected investors meeting certain criteria („ABB”), shareholders Maciej Popowicz and Arkadiusz Pernal committed to

WOOD&Company Financial Services a.s. to comply with the restrictions on the transferability of the Company's remaining shares held by ABB for a period of 180 days from the settlement date of the sale transaction. The sale transaction was settled on 15 January 2021.

### Incentive program 2018-2020

In March 2018, the General Meeting of Shareholders adopted an incentive program for key employees and associates of the Ten Square Games S.A. Capital Group.

Based on the programme resolution, the Company's share capital, excluding pre-emptive rights of the existing shareholders, was conditionally increased by up to PLN 6.547,50 through the issue of up to 65.475 Series B ordinary registered shares with a nominal value of PLN 0,10 per share. Pursuant to the Resolution concerning the scheme series B shares could be acquired by holders of series A registered subscription warrants issued in the maximum number of 65.475.





In January 2019 the General Meeting of Shareholders adopted an amendment to the incentive scheme consisting in:

- a. replacement of the conditional share capital with the target capital;
- b. revoking of subscription warrants – participants of the scheme receive, after meeting its conditions, bearer shares that have limited lock-up during the period specified in the program regulations;
- c. increase of the pool of shares possible to be granted in the years of the programme (scheme pool after changes: 101.850 ordinary series B bearer shares with a nominal value of PLN 0,10).

The incentive scheme covers the years 2018-2020 and the shares may be acquired in three tranches – for the financial year 2018 (tranche I), 2019 (tranche II) and 2020 (tranche III).

Beneficiaries of the programme will have the right to sell shares acquired within Tranche I not earlier than 1 July 2020. Beneficiaries of the programme will have the right to sell shares acquired within Tranche II not earlier than 1 January 2021. Beneficiaries of the programme will have the right to sell shares acquired within Tranche III not earlier than 1 September 2021.

In 2018, 2019 and 2020 the Issuer's Supervisory Board adopted resolutions on the establishment of the list of Scheme Beneficiaries and made the initial allocation of 81.612 Warrants (currently: shares): 16.245 under tranche I, 26.915 under tranche II and 38.452 under tranche III.

## Incentive program 2021-2022

In March 2020, the Company's Shareholders adopted an incentive program for key employees and associates of the Ten Square Games Capital Group 2021-2022. The Program has been established in order to ensure that the persons of key importance for the development of the Group participate in the expected growth of the Group's value and that the persons participating in the Program are permanently connected with the Group.

The objective of the Programme is to develop mechanisms that will encourage and motivate qualified persons, key to the implementation of the Group's strategy, to act in the interest of the Company and its shareholders by enabling them to acquire Shares.

Beneficiaries of the Programme will have the right to subscribe for a total of up to 100.000 Shares issued as a result of an increase in the share capital within the limits of the authorised capital established pursuant to the Resolution concerning the Plan.

The incentive scheme covers the years 2021-2022 and the shares may be acquired in two tranches – for the financial year 2020 (tranche I) and 2021 (tranche II). The offer of shares is conditional upon the Group achieving a certain level of EBITDA to be determined by the Supervisory Board for each of the years 2021 and 2022.

If the required level is not reached in one year of the programme, the shares for a given year may be allocated in a subsequent period if the cumulated EBITDA reaches the level required for both of these years.

Beneficiaries of the Programme will have the right to sell shares acquired within Tranche I not earlier than 2 January 2024 and shares acquired within Tranche II not earlier than 2 January 2025.

# 8.

## DESCRIPTION OF THE RULES FOR APPOINTING AND DISMISSING MANAGERS AND THEIR RIGHTS, IN PARTICULAR THE RIGHT TO DECIDE ON THE ISSUE OR REDEMPTION OF SHARES

Members of the Management Board of Ten Square Games S.A. are appointed and dismissed in accordance with the provisions of the Commercial Companies Code and the Company's Articles of Association. The Management Board consists of one to six persons and is composed of the President of the Management Board and Vice-Presidents and Members of the Management Board. The Management Board is appointed and dismissed by the Supervisory Board. The joint term of office of members of the Management Board shall be 3 years. The term of office of members of the Management Board shall expire at the latest on the date of the General Meeting of Shareholders approving the financial statements for the last full financial year in which the member served on the Management Board. The term of a member of the

Management Board shall also expire as a result of their death, resignation or dismissal. Members of the Management Board may be reappointed to the Management Board for the next term of office.

If the Management Board consists of several members, two members of the Management Board acting jointly or one member of the Management Board acting together with a proxy are authorised to represent the Company. In the case of a single-member Management Board, one member of the Management Board acting independently is entitled to represent the Company.

The Management Board conducts the Company's affairs, manages its assets and represents it externally; moreover, the powers of the Management Board include all matters not reserved for the General Meeting of Shareholders or the Supervisory Board.





The Issuer's Management Board is not entitled to make an independent decision on the issue of shares. In accordance with the applicable regulations and the Company's Articles of Association, the Company's share issue and share capital increase requires a relevant resolution of the General Meeting.

On 14<sup>th</sup> January 2019, the Extraordinary General Meeting of the Issuer adopted a resolution authorising the Management Board of the Company to increase the Company's share capital by an amount not exceeding PLN 10.185,00 (ten thousand one hundred and eighty-five zloty 00/100) by issuing no more than 101.850 (one hundred and one thousand eight hundred and fifty) series B ordinary bearer shares with a nominal value of PLN 0,10 (ten grosz) each by 31.12.2021 by making one or several consecutive increases in the share capital within the limits of the target capital solely for the purpose of implementing the incentive scheme and in accordance with the terms and conditions for the implementation of the incentive scheme set out in the rules of this scheme and in the resolution of the Extraordinary General Meeting.

On 20 May 2020 the Ordinary General Meeting of Shareholders of the Issuer decided to amend the terms of authorization of the Management Board to increase the Company's share capital under the Articles of Association so that the Management Board is authorized to increase the Company's share capital by a total amount not higher than PLN 18.560,50 (eighteen thousand five hundred and sixty zloty and fifty grosz) by means of:

- » issuing no more than 85.605 (eighty-five thousand six hundred and five) ordinary series B bearer shares with a nominal value of 0,10 (ten grosz) each ("Series B Shares");
- » issuing up to 100.000 (one hundred thousand) ordinary series C bearer shares with the nominal value of PLN 0,10 (ten grosz) each („Series C Shares”) for a period of 3 (three) years from the date on which the amendment of the Articles of Association adopted under that resolution is entered in the Register of Entrepreneurs by way of one or several consecutive increases in the share capital within the limits of the Target Capital, exclusively for the implementation of the Incentive Schemes and in accordance with the terms and conditions for the implementation of the Incentive Schemes as set forth in the Rules and in this resolution or in the Resolution concerning the First Incentive Scheme, as appropriate.

The Board of the Issuing Party is entitled to purchase shares of the Company only in accordance with the rules specified in the Commercial Companies Code regulations on purchase of own shares.



# 9.

## DESCRIPTION OF THE RULES OF AMENDMENTS TO THE ISSUER'S ARTICLES OF ASSOCIATION

In accordance with article 430(1) of the Commercial Companies Code, an amendment to the Articles of Association requires a resolution of the General Meeting and an entry in the register.

In accordance with article 402(2) of the Commercial Companies Code, in the announcement of convening the General Meeting, the agenda of which provides for the intended amendment of the Articles of Association, the existing provisions should be referred to, as well as the content of the proposed amendments.

If it is justified by the significant scope of intended changes, the announcement may include a draft of a new consolidated text of the Articles of Association together with a list of new or amended provisions of the Articles of Association.

Pursuant to article 415(1) of the Commercial Companies Code, a resolution to amend the Articles of Association is adopted by a three-fourths majority of votes, however, pursuant to article 415(3) of the Commercial Companies Code, a resolution to amend the Articles of Association increasing the benefits for shareholders or decreasing the rights granted personally to individual shareholders requires the consent of all the shareholders concerned.





# 10.

## THE MANNER OF OPERATION OF THE GENERAL MEETING AND ITS BASIC POWERS AND A DESCRIPTION OF SHAREHOLDERS' RIGHTS AND THE MANNER OF THEIR EXECUTION, IN PARTICULAR THE RULES RESULTING FROM THE RULES OF THE GENERAL MEETING, IF SUCH RULES HAVE BEEN ADOPTED, UNLESS THE INFORMATION IN THIS RESPECT RESULTS FROM LEGAL REGULATIONS

### **The Manner of operation of the General Meeting**

In 2020 the General Meeting of the Company was held twice. In both cases, participation in the General Meeting of the Company was also possible via means of electronic communication. The General Meetings of Shareholders were held in accordance with the provisions of the Commercial Companies Code, the Company's Articles of Association, the Rules of the General Meeting of Shareholders and the Rules determining the detailed rules of participation in the general meeting of Ten Square Games S.A. by means of electronic communication.

General Meetings may be held in the Company's seat or in Warsaw. The General Meeting may be ordinary or extraordinary. An Ordinary General Meeting shall be convened by the Management Board not later than within 6 (six) months after the end of each financial year. If the Management Board fails to convene the Ordinary General Meeting

within the specified period, the Supervisory Board is entitled to convene the Ordinary General Meeting. An Extraordinary General Meeting of Shareholders shall be convened by the Management Board to consider matters requiring immediate resolution, on its own initiative, at the request of the Supervisory Board or shareholders representing at least 1/20 of the share capital. The General Meeting shall be called by an announcement, which should be made at least 3 (three) weeks before the date of the General Meeting, and if the Company becomes a public partnership, the General Meeting is called by an announcement on the website of the Partnership, which should be made at least 26 (twenty-six) days before the date of the General Meeting.

Resolutions can also be adopted without formally convening the General Meeting, if the entire share capital is represented, and none of those present raises an objection to holding the General Assembly or to placing particular issues on the agenda. Unless

the provisions of the Commercial Companies Code or the Articles of Association provide otherwise, the General Meeting is valid and may adopt resolutions regardless of the number of shares represented at it. Resolutions of the General Meeting are adopted by an absolute majority of votes, unless other provisions of the Articles of Association or the Commercial Companies Code state otherwise. Voting at the General Meeting is open. Secret voting shall be ordered for elections and motions to dismiss members of the Company's bodies or liquidators, to hold them liable, in personal matters and at the request of at least one shareholder present or represented at the General Meeting.

The General Meeting shall be opened by the Chair of the Supervisory Board, or in his/her absence by one of the members of the Management Board, or in their absence by the President of the Management Board or a person appointed by the Management Board. Subsequently the Chair of the General Meeting is elected from among those entitled to participate in the General Meeting. The General Meeting may adopt resolutions only on matters included in the agenda, unless the entire share capital is represented at the General Meeting and none of those present has objected to the adoption of the resolution.

In January 2019 the Extraordinary General Meeting of Shareholders adopted the Rules of the General Meeting, the content of which is published on the Issuer's website: <https://tensquaregames.com/investors>.

In accordance with the Rules of the General Meeting of Shareholders, the General Meeting of Shareholders shall be convened by way of an announcement published on the Company's website and in the manner specified for the provision of current information in accordance with the regulations on public offering and the conditions for introducing financial instruments to the organised trading system and on public companies. The announcement must be made at least 26 (twenty-six) days before the date of the General

Meeting. The General Meeting may be cancelled, if it encounters extraordinary obstacles or is obviously pointless. Cancellation of the General Meeting, the agenda of which includes certain issues or which was convened at the request of authorized entities, is possible only with the applicants' consent. General Meeting shall be cancelled in the same manner as it was convened, ensuring that negative consequences for the Partnership and its shareholders are minimised. The change of the date of the General Meeting must be made in the same manner as its cancellation, even if the proposed agenda has not changed.

The person opening the Meeting shall take actions aimed at the immediate election of the Chair, supervise the course of voting on this matter and shall chair the meeting until the Chair is elected. The Chair shall be elected from among persons entitled to participate in the General Meeting, with each shareholder having the right to propose one candidate. If more than one candidate for the Chair is proposed, the person opening the Meeting shall draw up a list of candidates, provided that they agree to be candidates. The person with the highest number of votes shall become the Chair. If the same number of votes is obtained by at least two candidates, a supplementary vote is ordered until the election of the Chair. The vote on the election of the Chair shall be secret. Immediately after the election, the Chair signs the list of attendance at the General Meeting and verifies the correctness of its convening and ability to adopt resolutions included in the agenda.

The Chair may bring matters of order to the agenda. The Chair may order breaks in the session (does not apply to the break referred to in article 408(2) of the Commercial Companies Code, which shall be decided by means of a resolution of the General Meeting). Breaks shall be ordered in justified cases and in a manner that does not hinder the exercise of shareholders' rights. In the event of an objection to holding a break, submitted by at least one shareholder, the motion for a break shall be put to a vote of the General Meeting.





Activities related to the handling of the course of the General Meeting shall be conducted by the Management Board, however, the Management Board may commission these activities to an entity specializing in this field. The order may concern in particular the handling of voting together with the calculation of the number of votes, using computer equipment.

The General Meeting may appoint a returning committee whose tasks include overseeing the proper conduct of voting. If a returning committee has not been appointed, its tasks shall be performed by the Chair.

After confirming the correctness of the convening of the General Meeting and its ability to adopt valid and binding resolutions, and in the event that a returning committee is appointed afterwards, the Chair shall present the proposed agenda and conducts a vote on its approval. The General Meeting may adopt the proposed agenda without changes, change the order of particular items on the agenda or remove certain items from the agenda, with the proviso that a resolution to remove an item from the agenda may only be adopted if there are good reasons for doing so and the petitioner must provide a detailed justification. Removal from the agenda or failure to consider by the General Meeting of Shareholders an issue placed on the agenda at the request of a shareholder requires the adoption of a resolution of the General Meeting of Shareholders after prior consent of all shareholders who submitted such a request. The Chair has no right, without the consent of the General Meeting, to remove items from the agenda or change their order on the agenda.

After the presentation of each item on the agenda, the Chair shall open the discussion, giving the floor in the order in which it came forward. The Chair may give the floor to members of the Management Board and Supervisory Board and invited experts out of turn.

The Chair may decide to deny the floor to a person whose speech deviates from the subject matter of the discussion or exceeds a reasonable speaking time; On formal matters, the Chair shall give the floor out of order. After closing the discussion, the Chair shall read the proposed text of the resolution and the motions of authorized entities, if any. In the first place, draft resolutions presented by the entity convening the General Meeting shall be put to a vote, and if a motion is made to put a particular issue on the agenda of the General Meeting by other authorized bodies or entities – a draft submitted by these persons.

Voting may be conducted with or without the use of an electronic voting and vote counting system. In the case of voting without the use of the electronic voting and vote counting system, the Management Board of the Company is obliged to prepare an appropriate number of voting cards for each shareholder. Participation in the vote shall be by casting a vote for, against or abstaining. If a participant of the General Meeting does not give a vote in any of the above ways, the vote of the participant shall not be taken into account when calculating the results of such a vote.

In the event that the General Meeting orders a break or breaks in the session, it is not necessary to maintain the subjective identity of the participants of the Meeting in order to maintain the continuity of the Meeting. If the General Meeting orders a break in the proceedings, resolutions adopted before the break are recorded in the minutes, with a note that the General Meeting has been interrupted. After the resumption of the General Meeting, resolutions adopted in this part of the meeting shall be recorded in the separate minutes, and if there are several breaks – in separate sets of minutes. Each notarized minutes shall be accompanied by a list of attendance of the participants of the General Meeting participating in its given part. If the Chair elected before the interruption is not present, the Chair shall be re-elected. The right to participate in the General Meeting shall be decided in accordance with the

principles set forth in article 406<sup>1</sup> of the Commercial Companies Code, and the dates indicated therein shall be counted in relation to the announced date of the General Meeting, not in relation to the date of reopening the meeting. In case of a change of the shareholder's representative, if the shareholder is represented by a new proxy, a new power of attorney or another document authorizing this person to represent the shareholder at the General Meeting must be submitted.

In addition to the minutes drawn up in the form of a notarial deed, the Chair may order additional recording of the course of the whole or part of the meeting by a Secretary specifically designated by them. After exhausting the agenda, the Chair shall close the General Meeting. At that moment it ceases to function as a body of the Company and the present participants of the General Meeting may not pass valid resolutions.

In accordance with the Rules defining detailed rules of participation in the general meeting of Ten Square Games S.A. using means of electronic communication, the possibility of remote participation in the General Meeting of the Company is decided by the body convening the Meeting. The means of electronic communication used by the Company shall include: a) real-time transmission of the proceedings, b) two-way real-time communication of all persons participating in the General Meeting, whereby they may take the floor during the General Meeting from a location other than the venue of the General Meeting, c) exercise of the voting right during the General Meeting either in person or by a proxy. The technology and means of communication must enable to identify shareholders and keep communication safe as well as confidential.

## Essential powers of the General Meeting

The powers of the General Meeting consist in adopting resolutions on matters reserved for its competence by the law or the Company's Statute.

In accordance with the Company's Articles of Association, apart from other matters indicated in the Commercial Companies Code, resolutions of the General Meeting of Shareholders are required for: examination and approval of the Management Board's report on the Company's operations and the financial statements for the previous financial year, distribution of profits or coverage of losses, amount of write-offs to reserve capital and other funds, determination of the date of determining the right to dividend, amount of dividend and date of payment of dividend, acknowledgement of the fulfilment of duties by members of the Company's governing bodies, making decisions concerning claims for remedying the damage caused upon the Company's establishment, management or supervision, disposal or lease of the enterprise or its organised part and establishment of a limited right in rem thereon, liquidation of the Company and appointment of a liquidator, issue of convertible or pre-emptive bonds and subscription warrants as indicated in Article 453(2) of the Commercial Companies Code, acquisition of the Company's own shares in the case specified in Article 362(1)(2) of the Commercial Companies Code and authorization to acquire them in the case specified in Article 362(1)(8) of the Commercial Companies Code, amendment of the Company's Articles of Association, including adoption of resolutions on increasing and decreasing the share capital, conclusion of an agreement on management of a subsidiary, determination of the principles of remuneration of members of the Supervisory Board, adoption of the Rules of the General Meeting, adoption of resolutions on redemption of shares, determination of the date as of which the list of shareholders entitled to dividend





for a given financial year is established (the dividend date), adoption of other decisions provided for in the provisions of law and the Articles of Association, as well as resolution of issues raised by shareholders, the Management Board and the Supervisory Board, dissolution of the Company.

Resolutions of the General Meeting on the issue of convertible or pre-emptive bonds and subscription warrants referred to in Article 453(2) of the Commercial Companies Code and amendments to the Company's Articles of Association, including adoption of resolutions on increasing and decreasing the share capital, shall be adopted by a majority of 3/4 of votes, unless the Commercial Companies Code provides for more stringent conditions.

A resolution concerning the financing by the Company of the purchase or acquisition of shares issued by the Company shall be adopted by a majority of 2/3 of votes. However, if at least half of the share capital is represented at the General Meeting, an absolute majority of votes is sufficient to adopt a resolution.

If the balance sheet drafted by the Management Board demonstrates a loss exceeding the sum of supplementary and reserve capitals and 1/3 of the share capital, an absolute majority of votes shall suffice to adopt a resolution to dissolve the Company.

A resolution to amend the Bylaws, increasing shareholder benefits or reducing the rights granted personally to individual shareholders pursuant to Article 354 of the Commercial Companies Code, requires the consent of all the shareholders concerned.

Acquisition and disposal of real estate, perpetual usufruct or share in real estate or perpetual usufruct or encumbrance thereof, in particular limited property rights, does not require the consent of the General Meeting.

A majority of 2/3 of votes is required to adopt resolutions on a significant change in the Company's business and on a merger of the Company. A significant change in the Company's scope of business may take place without the redemption of shares, if a resolution of the General Meeting concerning such a change is adopted by a majority of 2/3 of votes in the presence of persons representing at least half the share capital.

Resolution on dismissal of the Management Board or a member of the Management Board or suspension of all or part of the members of the Management Board, before the end of the term of office, requires a qualified majority of 2/3 of votes.

One share entitles its holder to one vote at the General Meeting.

### **Shareholders' rights and the way of exercising them in the context of the General Meeting of Shareholders**

Shareholders' rights and the manner of exercising them in relation to the General Meetings of Shareholders held in 2020 resulted from the Code of Commercial Companies, the Company's Articles of Association, the Rules of the General Meeting and the Rules setting out detailed rules for participation in the general meeting of Ten Square Games S.A. by means of electronic communication.

The Rules of the General Meeting of Shareholders indicate the following rights of shareholders, specifying the manner of exercising them:

- » **request to convene a General Meeting:** to be submitted to the Management Board: 1) in writing (i.e. delivered in person against confirmation of submission or sent to the Company against confirmation of receipt) to the address of the Company's registered office; 2) in electronic form in the PDF file format sent to the e-mail address [wza@tensquaregames.com](mailto:wza@tensquaregames.com); together with the necessary documentation, in particular the documentation necessary for the Management Board to announce the General Meeting. Together with the request, the shareholder must send a copy (scan) of certificate of the ownership of shares deposited on securities account and copies (scans) of documents allowing the identification of the shareholder and persons acting on their behalf. The request to convene the General Meeting must be justified;
- » **request to put certain matters on the agenda:** it should be submitted to the Management Board not later than twenty-one days before the scheduled date of the Meeting. The request should include a justification or a draft resolution concerning the proposed agenda item. The request may be submitted 1) in writing (i.e. delivered in person against confirmation of submission or sent to the Company against confirmation of receipt) to the address of the Company's registered office; 2) in electronic form in the PDF file format sent to the e-mail address [wza@tensquaregames.com](mailto:wza@tensquaregames.com). Together with the request, the shareholder sends a copy (scan) of the registered deposit certificate and copies (scans) of documents allowing the identification of the shareholder and persons acting on their behalf
- » **submitting draft resolutions concerning matters to be included in the agenda:** a shareholder or shareholders representing at least one-twentieth of the share capital may, before the date of the General Meeting, submit to the Company draft resolutions concerning matters included in the agenda of the General Meeting or matters to be included in the agenda. The request should include a justification or a draft resolution concerning the proposed agenda item. A request may be made: 1) in writing (i.e. delivered in person against confirmation of submission or sent to the Company against confirmation of receipt) to the address of the Company's registered office; 2) in electronic form in the PDF file format sent to the e-mail address [wza@tensquaregames.com](mailto:wza@tensquaregames.com). Together with the request, the shareholder sends a copy (scan) of the registered deposit certificate and copies (scans) of documents allowing the identification of the shareholder and persons acting on their behalf;
- » **submitting draft resolutions during the General Meeting of Shareholders:** each shareholder may, during the General Meeting of Shareholders, submit draft resolutions concerning matters included in the agenda;
- » **participation in the General Meeting:** the right to participate in the General Meeting is vested in persons who are shareholders of the Company on the Participation Registration Date, i.e. on the registration date falling sixteen days before the General Meeting. The date of Registration of Participation is identical for holders of bearer shares and registered shares;
- » **reviewing the list of shareholders:** a shareholder may review the list of shareholders entitled to participate in the General Meeting in the premises of the Management Board and request a copy of the list against reimbursement of its execution;







- » **demand to send the list of shareholders:** a shareholder of the Company may demand that the list of shareholders entitled to participate in the General Meeting be sent to him/her free of charge by e-mail to their own e-mail address
- » **participation in the General Meeting in person or by proxy:** a shareholder who is a natural person may participate in the General Meeting and exercise their voting rights in person or by proxy(s). A shareholder who is not a natural person may participate in the General Meeting and exercise the right to vote by a person entitled to make declarations of will on their behalf or by proxy(s). A power of attorney authorising a person to participate in the General Meeting and exercise the voting right must be granted in writing or in electronic form. A written document confirming the right to represent a shareholder at the General Meeting is presumed to be legal, unless its authenticity or validity prima facie raises doubts of the Company's Management Board or the Chair of the General Meeting. Granting a power of attorney in electronic form does not require a secure electronic signature verified by means of a valid qualified certificate. The Company must be notified of granted powers of attorney by means of an electronic message sent to the following e-mail address [wza@tensquaregames.com](mailto:wza@tensquaregames.com). Together with the notice of the granted power of attorney sent in an electronic form, the shareholder must send a scan of the power of attorney and a scan of documents allowing to identify the shareholder as the principal and identify the appointed proxy;
- » **request to check the attendance list:** at the request of shareholders holding one-tenth of the share capital represented at the General Meeting, the attendance list must be checked by a committee elected for this purpose, composed of at least three persons. Applicants shall have the right to choose one member of the committee
- » **candidacy for a member of a returning committee and Chair of the General Meeting and the right to propose a candidate for a member of a returning committee and Chair;**
- » **taking the floor in a discussion:** After the presentation of each item on the agenda, the Chair shall open the discussion, giving the floor in the order in which it came forward. The floor may be taken only on matters on the agenda and currently under discussion. The Chair may decide to deny the floor to a person whose speech deviates from the subject matter of the discussion or exceeds a reasonable speaking time
- » **to propose amendments to the content of resolutions:** until a vote on a draft resolution is ordered, an entity or other entitled person, who submits a draft resolution, may submit self-amendments to it. A text with the introduced self-correction shall be considered to be a draft resolution. Other amendments to the main motion (draft resolution) and other motions and draft resolutions submitted by the authorized persons shall be subsequently put to a vote in the order of submissions, unless further voting on a given matter on the agenda becomes groundless



- » **voting:** Participation in the vote shall be by casting a vote for, against or abstaining. If a participant of the General Meeting does not give a vote in any of the above ways, the vote of the participant shall not be taken into account when calculating the results of such a vote;
- » **to request a secret ballot;**
- » **voting differently from each of the shares held:** before each vote, the Chair must enable the shareholders who wish to take advantage of this possibility to vote differently from each of the shares held, in accordance with Article 411(3) of the Commercial Companies Code;
- » **objection:** after each vote, the Chair of the General Meeting must enable the shareholders participating in the vote and voting against to raise their objection and briefly justify it;
- » **submission of the motion to elect the Supervisory Board by way of group voting: the motion to elect the Supervisory Board by way of group voting** shall be submitted by the shareholders to the Company's Management Board in writing within a period enabling the inclusion of the election of the Supervisory Board members in groups on the agenda of the General Meeting .

A shareholder or his/her proxy, if remotely participating in the Company's General Meeting, shall have the same rights to speak, propose motions and his/her draft resolutions, vote and object to the adopted resolutions as a shareholder or his/her proxy who is physically present at the General Meeting. The exercise of rights by shareholders (their proxies) during a General Meeting held remotely is ensured through real-time bilateral communication of all persons participating in the General Meeting. The technology and means of communication must enable to identify shareholders and keep communication safe as well as confidential.





## COMPOSITION AND CHANGES IN COMPOSITION THAT OCCURRED DURING THE LAST FINANCIAL YEAR AND A DESCRIPTION OF THE ACTIVITIES OF THE ISSUER'S MANAGEMENT, SUPERVISORY OR ADMINISTRATIVE BODIES AND THEIR COMMITTEES

As at 31 December 2020, the composition of the governing bodies was as follows:

### The Management Board:

**Maciej Zużatek** – President of the Management Board;

**Arkadiusz Pernal** – Vice-President of the Management Board;

**Marcin Chruszczyński** – Member of the Management Board.

The following changes in the composition of the Board took place during and after the reporting period up to the date of drafting the consolidated financial statements:

1. On 20 May 2020, the change of the President of the Management Board coincided with the end of the Management Board's term of office and the appointment of the new Management Board – until that day Maciej Popowicz held the position of the President of the Management Board.
2. On 27 July 2020 Magdalena Jurewicz resigned from the position of Member of the Management Board as of 31 July 2020.
3. On 31 July 2020 Marcin Chruszczyński, by decision of the Supervisory Board, was appointed to perform the function of a Member of the Management Board, starting from 1 August 2020.
4. On 7 October 2020 the Management Board of the Company it received information about the decision of the Vice-President of the Management Board of the Company, Arkadiusz Pernal, to resign from his function in the Management Board of the Company effective on 31 December 2020.
5. On 17 December 2020 the Supervisory Board of the Company adopted resolutions on the appointment of the following persons for members of the Management Board of the current term:  
Janusz Dziemidowicz – Member of the Management Board;  
Wojciech Gattner – Member of the Management Board;  
Anna Idzikowska – Member of the Management Board;  
Andrzej Ilczuk – Member of the Management Board.

The appointments was effective as of the date of the registration by the competent registry court of the amendment to the Company's Articles of Association, made by way of Resolution no. 4 of the Extraordinary General Meeting of Shareholders held on 16 December 2020, which took place on 21 January 2021.

### Rules of operation of the Company's Management Board

Two members of the Management Board acting jointly were authorised to represent the Company in 2020.

In 2020 the Company's Management Board acted on the basis and within the limits of generally applicable law, including the provisions of the Commercial Companies Code, as well as in accordance with the Company's Articles of Association and other provisions of internal acts of the Company. The Management Board applied and followed a set of corporate governance principles, to the extent in which the Company did not deviate from the principles issued by the entity operating the regulated market.

In accordance with the Articles of Association, resolutions of the Management Board shall be adopted by an absolute majority of votes cast. In the event of a tie, the President of the Management Board shall have the deciding vote. The Management Board shall be deemed capable of adopting resolutions, if each member of the Management Board has been notified in writing of the meeting to be held and at least half of Management Board members are present at the meeting. Meetings of the Management Board shall be held in a place indicated by the Management Board or using means of direct remote communication. Each member of the Management Board is entitled to convene a meeting. Each member of the Management Board must receive written notification at least 7 (seven) days before the date of the meeting. In

urgent cases, the President of the Management Board may order a different way and shorter deadline for notifying Management Board members of the date of the meeting or order a meeting to be held outside the Company's seat. Resolutions of the Management Board may be adopted if all members of the Management Board have been properly notified of the date and place of the meeting.

A member of the Management Board shall inform the Management Board of any conflict of interest in connection with the function held or of the possibility of its occurrence and shall refrain from taking part in a discussion and abstain from voting on the resolution on the matter in which the conflict of interest has occurred.

### As at 31 December 2020, the composition of the governing bodies was as follows:

#### Supervisory Board:

**Rafał Olesiński** – Chair of the Supervisory Board;

**Wiktor Schmidt** – Deputy Chair of the Supervisory Board;

**Marcin Bitos** – Member of the Supervisory Board;

**Tomasz Drożdżyński** – Member of the Supervisory Board;

**Maciej Marszałek** – Member of the Supervisory Board;

**Kinga Stanisławska** – Member of the Supervisory Board.





Between 1 January 2020 and 22 March 2021 there were the following changes in the composition of the body resulting from the end of the term of office and the appointment of a new Supervisory Board:

- 1.** Marcin Chruszczyński was Member of the Supervisory Board of the Company until 20 May 2020;
- 2.** Milena Olszewska-Miszuris was Member of the Supervisory Board until 20 May 2020;
- 3.** Maciej Zużatek was Chair of the Supervisory Board until 21 April 2020, and on 20 May 2020 he became President of the Management Board of the Company;
- 4.** Rafał Olesiński was the Deputy Chair of the Supervisory Board until 20 May 2020 and after that day he became Chair of the Company's Supervisory Board;
- 5.** Marcin Biłos joined the Supervisory Board on 20 May 2020;
- 6.** Kinga Stanisławska joined the Supervisory Board on 20 May 2020;

Additionally, Arkadiusz Pernal, after resigned on 7 October 2020 from the position of Vice-President of the Management Board, joined the Supervisory Board as of 1 January 2021.

## Rules of operation of the Company's Supervisory Board

In 2020 the Company's Supervisory Board acted on the basis and within the limits of generally applicable law, including the provisions of the Commercial Companies Code, as well as on the basis of the Company's Articles of Association, and other provisions of internal laws of the Company. The Supervisory Board accepted and followed the recommendations and principles of corporate governance and other provisions of laws enacted by the entity operating the regulated market.

The Supervisory Board shall exercise permanent supervision over the Company's operations in all areas of its activity.

The Supervisory Board is a collegial body and consists of 6 (six) to 7 (seven) members. Meetings of the Supervisory Board shall be convened by the Chair, and in the absence (or lack) of the Chair, by the Deputy Chair. Meetings of the Supervisory Board shall be held as required, but at least three times in a financial year. A meeting of the Supervisory Board shall be held at the Company's registered office or in Warsaw or in any other place accepted by all members of the Supervisory Board.

The Supervisory Board shall make decisions in the form of resolutions, if at least half of its members are present at the meeting and all its members have been invited. Resolutions of the Supervisory Board shall be passed by an absolute majority of votes, in the presence of at least half of its members, unless the law or provisions of the Articles of Association provide for stricter conditions for adopting resolutions. If the vote remains unresolved (including due to an even number of members of the Supervisory Board), the vote of the Chairman of the Supervisory Board shall prevail.

Voting shall be public. A secret ballot shall be ordered when voting on all personal matters. Independently secret ballot is also ordered at the request of at least one Member of the Supervisory Board.

The Chair (or the Deputy Chair, in the absence or in the case there is no Chair) shall convene a meeting of the Supervisory Board on his own initiative or within two weeks of receiving a motion from the Management Board or a member of the Supervisory Board. The request referred to in the preceding sentence should be submitted in writing together with the proposed agenda. The meeting shall be chaired by the Chair of the Supervisory Board, and in their absence by the Deputy Chair or another member of the Supervisory Board. The person presiding over the meeting shall direct its proceedings, give the floor, order votes and announce the results.

The agenda of the meeting shall be determined by the person authorized to convene the meeting of the Supervisory Board. If the Supervisory Board is convened at the request of the Management Board or a member of the Supervisory Board, the agenda should include the matters indicated by the applicant. Members of the Supervisory Board and the Management Board may submit motions to include certain matters on the agenda at the latest three days before the beginning of the Supervisory Board meeting. Applications may be made in writing, either in person or by e-mail or by fax. In matters not included in the agenda, the Supervisory Board may adopt resolutions, if all its members are present and consent to the adoption of a resolution.

The Supervisory Board may also adopt resolutions without being formally convened, if all its members are present and agree to hold a meeting and place particular issues on the agenda.

Members of the Supervisory Board may participate in adopting resolutions of the Supervisory Board by casting their votes in writing through another member of the Supervisory Board. The Supervisory Board may adopt resolutions without holding a meeting in writing, as well as using means of direct remote communication (by telephone or in any other way ensuring that all members of the Board may communicate with each other at the same time). A resolution adopted in writing or by means of direct remote communication shall be valid, if all members of the Supervisory Board have been notified of the content of the draft resolution and at least half of the members of the Supervisory Board have cast their votes within the prescribed period.

A member of the Supervisory Board shall inform the other members of the Supervisory Board about an existing or potential conflict of interest and shall refrain from taking part in the discussion and from voting on the adoption of a resolution on the matter in which the conflict of interest has arisen.

A member of the Supervisory Board makes a declaration to the other members of the Supervisory Board that he meets the independence criteria. An independent member of the Supervisory Board should provide the Management Board with information on any circumstances that cause them to lose their independence.





Minutes of a meeting of the Supervisory Board shall be taken by a person presiding over the meeting or a person appointed by the person presiding over the meeting. Minutes should be drawn up on an ongoing basis during a Supervisory Board meeting. Minutes should be signed by all Supervisory Board members present at the meeting.

The Supervisory Board may appoint commissions or committees (including the Audit Committee or the Remuneration Committee), both permanent and until specific issues are clarified, provided that the subject of the commission or committee's work must fall within the competence of the Supervisory Board. The Supervisory Board determines the composition, organisation, operation and powers of the committees and commissions to be appointed.

## Audit Committee

**As at 31 December 2020, the composition of the Audit Committee was as follows:**

**Marcin Bitos** – Chair of the Audit Committee;

**Kinga Stanisławska** – Member of the Audit Committee;

**Maciej Marszałek** – Member of the Audit Committee;

Kinga Stanisławska, Marcin Bitos and Maciej Marszałek shall serve on the Audit Committee from 20 May 2020.

As at 31 December 2020 Marcin Bitos, Maciej Marszałek and Kinga Stanisławska fulfilled the independence criteria set out in Article 129(3) of the Act of 11 May 2017 on statutory auditors, audit firms and public supervision.

Persons knowledgeable and skilled in accounting or auditing and in the industry in which the Company operates:

- Marcin Bitos – knowledge and skills acquired in connection with his professional title of a certified auditor; professional experience gathered in PricewaterhouseCoopers Sp. z o.o., Audit Department, Nasza Klasa Sp. z o.o. – financial controller, finance and operations director, board member; knowledge in both finance/accounting and new information technologies (especially in the area of social games);
- Maciej Marszałek – knowledge and skills acquired during many years of employment in the financial sector (Bank Millennium, Link4 and AXA Group) in the areas of marketing and Internet sales; knowledgeable both in the field of finances and new information technologies (especially in the area of marketing and user acquisition);
- Kinga Stanisławska – knowledge and skills acquired while serving on audit committees of public companies and performing activities in companies operating in the sector of new technologies; knowledge in the field of new information technologies.

The Audit Committee advises the Supervisory Board and the Company and provides them with consultation. The Committee performs the activities provided for in the Rules of the Audit Committee, resolutions of the Supervisory Board, in the Act on Statutory Auditors, Audit Firms and Public Supervision, in Regulation (EU) No 537/2014 of the European Parliament and of the Council of 16 April 2014 on detailed requirements regarding statutory audits of public-interest entities, repealing Commission Decision 2005/909/EC and in other regulations on the functioning of public companies.

## Rules of operation of the Company's Audit Committee

The Audit Committee operates on the basis of its Rules.

In order to fulfil its tasks, the Committee may:

- demand, without the intermediation of the Supervisory Board, that information, explanations and documents necessary to perform the tasks of the Committee be provided;
- require the entity auditing the financial statements to discuss with the Committee, Supervisory Board or Management Board the key issues arising from the audit;
- invite third parties, in particular experts in specific fields, to meetings or sittings of the Committee, while keeping the information thus obtained confidential;
- request the Supervisory Board to commission external experts to draft expert opinions and opinions in the scope related to the work of the Audit Committee.

The Audit Committee acts and adopts resolutions collectively. Meetings shall be convened by the Chair of the Committee or a person authorised by them. In case of a justified need, the meeting may be called by the Chair of the Supervisory Board, Deputy Chair or a person authorized by the Chair of the Supervisory Board. The other members of the Supervisory Board must also be informed about the date, place and agenda of the planned meeting.

Minutes of the Committee meetings are submitted to the Supervisory Board.

Other members of the Supervisory Board and, at the invitation of the person convening the Committee, members of the Management Board or other third parties may participate in the meetings of the Committee without the right to vote, in particular if the nature of the matters discussed requires their presence. The Committee may adopt resolutions outside the meeting, in writing or by means of direct remote communication.

The provisions of the Rules of the Supervisory Board shall apply accordingly to other matters not regulated in the Rules of the Audit Committee, concerning the convening and course of the Committee meetings, passing resolutions outside the meeting or using means of direct remote communication and taking minutes and other matters not regulated in the Rules of the Audit Committee.

In the financial year 2020 the Audit Committee held four meetings.

## Supervision of the Audit Committee over the selection of an audit firm

An audit firm responsible for conduct the statutory audit shall be elected at the Company in accordance with the principles set out in the Company's „Policy and procedure for selecting an audit firm to carry out audits of separate and consolidated financial statements“.

The Audit Committee recommends an audit firm.







The recommendation of the Audit Committee, if an audit firm is selected to conduct a statutory audit of the Company for the first time, shall include the following elements:

- a proposal of at least two audit firms with a justification and an indication of the Audit Committee's justified preference for one of them,
- a statement that the recommendation is free from third party influence,
- a statement that the Company has not concluded any agreements containing the clauses referred to in article 66(5a) of the Accounting Act of 29 September 1994,
- resulting from the selection procedure referred to in point 4 of the "Policy and Procedure for Selecting an Audit Firm to Perform Audits of Separate and Consolidated Financial Statements".

The recommendation of the Audit Committee, where the selection of an audit firm is related to the extension of the audit contract with the existing audit firm, shall include the following elements:

- an auditing firm to whom it proposes to commission to performance of audit,
- a statement that the recommendation is free from third party influence,
- a statement that the Company has not concluded any agreements containing the clauses referred to in article 66(5a) of the Accounting Act of 29 September 1994.

The Audit Committee may take into account in particular the following criteria when making recommendations:

- experience of an audit firm in auditing financial statements and consolidated financial statements of entities, including public companies;
- ability, including in terms of human resources and organization, to provide the full range of services specified by the Company in the request for offer, taking into account the professional nature of this activity;
- the price quoted by the auditing firm;
- the possibility of conducting the examination within the deadline defined by the Company in the request for offer;
- impartiality and independence of an audit firm in relation to the Company and the Capital Group, within the meaning, in particular, of Articles 69-73 of the Act of 11 May 2017 on Statutory Auditors, Audit Firms and Public Supervision;
- having the power to perform an audit in accordance with the Act of 11 May 2017 on Statutory Auditors, Audit Firms and Public Supervision;
- meeting the conditions to express an impartial opinion in accordance with the Act of 11 May 2017 on statutory auditors, audit firms and public supervision;
- meeting the conditions for the rotation of the audit firm and the key statutory auditor in accordance with the Act of 11 May 2017 on statutory auditors, audit firms and public supervision; and 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;



- compliance by the audit firm with auditing standards,
- other legitimate criteria, at the discretion of the Audit Committee.

The recommendation of the Audit Committee must also be in line with the Policy for the Provision of Authorised Services.

When selecting an audit firm, the Supervisory Board must act in accordance with:

- the rotation rule stating that the maximum duration of uninterrupted statutory audit engagements carried out by the same audit firm or an audit firm affiliated to that audit firm or any member of the network operating in the countries of the European Union to which those audit firms belong must not exceed 5 years,
- the grace principle of the audit firm according to which, after the expiry of the maximum uninterrupted period referred to above, the existing audit firm must not undertake a statutory audit of the Company for the following 4 years,
- the principle of rotation of the key statutory auditor, according to which the key statutory auditor must not perform a statutory audit in the Company for more than 5 years. The key statutory auditor may re-perform the statutory audit of the Company at least 3 years after the last statutory audit,
- the principle of choosing an audit firm for a minimum period of 2 years.

The appointment of an audit firm to conduct audit of the annual separate and consolidated financial statements for the financial year 2020 was made by the Supervisory Board of the Company in the form of a resolution adopted on 17 May 2019, after the Audit Committee presented a recommendation meeting the applicable conditions. The Supervisory Board appointed an auditing firm PKF Consult Sp. z o.o. sp. k. to review the semi-annual financial statements of Ten Square Games S.A. and the semi-annual consolidated financial statements of Ten Square Games S.A. Capital Group for the periods from 1 January 2019 to 30 June 2019, from 1 January 2020 to 30 June 2020 and from 1 January 2021 to 30 June 2021, as well as audit of the annual separate financial statements of Ten Square Games S.A. and annual consolidated financial statements of Ten Square Games S.A. Capital Group for the years 2019, 2020 and 2021 and thus decided to extend the agreement with PKF Consult Sp. z o.o. sp.k.

### **Authorised Services other than Audit or Review**

In the financial year 2020 the auditing firm PKF Consult sp. z o.o. sp.k. did not provide for the Company permitted services not being an audit or review. Therefore, and as far as the provision of those services is concerned, it was not necessary to assess the independence of the audit firm and to agree to the provision by the audit firm of authorised services which are not audit or review.





## Appointment and Remuneration Committee

By resolutions of the Company's Supervisory Board dated 22 November 2019, the Appointment and Remuneration Committee was established within the Supervisory Board.

**As at 31 December 2020, the composition of the Nomination and Remuneration Committee was as follows:**

**Rafał Olesiński** – Chair of the Appointment and Remuneration Committee

**Maciej Marszałek** – Member of the Appointment and Remuneration Committee

**Tomasz Drożdżyński** – Member of the Appointment and Remuneration Committee.

Rafał Olesiński, Maciej Marszałek and Tomasz Drożdżyński shall serve on the Appointment and Remuneration Committee of the Supervisory Board for the second term of office from 2 June 2020.

The Appointment and Remuneration Committee advises and provides consultancy for the Supervisory Board with respect to the employment and remuneration of the Management Board members.

### Rules of operation of the Appointment and Remuneration Committee

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

In order to fulfil its tasks, the Committee may:

- demand, without the intermediation of the Supervisory Board, that information, explanations and documents necessary to perform the tasks of the Committee be provided;

- invite third parties, in particular experts in specific fields, to meetings or sittings of the Committee, while keeping the information thus obtained confidential;
- request the Supervisory Board to commission external experts to draft expert opinions and opinions in the scope related to the work of the Appointment and Remuneration Committee.

The Appointment and Remuneration Committee shall operate and pass resolutions collectively. The Committee shall meet as necessary. Meetings shall be convened by the Chair of the Committee or a person authorised by them. In case of a justified need, the meeting may be called by the Chair of the Supervisory Board, Deputy Chair or a person authorized by the Chair of the Supervisory Board. The other members of the Supervisory Board must also be informed about the date, place and agenda of the planned meeting.

Minutes of the Committee meetings are submitted to the Supervisory Board.

Other members of the Supervisory Board and, at the invitation of the person convening the Committee, members of the Management Board or other third parties may participate in the meetings of the Committee without the right to vote, in particular if the nature of the matters discussed requires their presence. The Committee may adopt resolutions outside the meeting, in writing or by means of direct remote communication.

The provisions of the Rules of the Supervisory Board shall apply accordingly to other matters not regulated in the Rules of the Audit Committee, concerning the convening and course of the Committee meetings, passing resolutions outside the meeting or using means of direct remote communication and taking minutes and other matters not regulated in the Rules of the Audit Committee.

# 12.

## A DESCRIPTION OF THE DIVERSITY POLICY APPLICABLE TO THE ISSUER'S ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES, WITH PARTICULAR REFERENCE TO AGE, GENDER OR EDUCATION AND PROFESSIONAL EXPERIENCE, THE OBJECTIVES OF THAT DIVERSITY POLICY, THE MANNER OF ITS IMPLEMENTATION AND ITS EFFECTS DURING THE REPORTING PERIOD, AND, IF THE ISSUER DOES NOT HAVE SUCH A POLICY, AN EXPLANATION OF THAT DECISION

In 2020 the Company neither developed nor implemented a diversity policy with respect to its governing bodies and key managers. Due to the specific nature of the Company's operations and the need to acquire associates with specialist knowledge, the decisive criterion for the Company when selecting associates remains their qualifications and professional experience, regardless of non-specialist criteria such as age or gender. Nevertheless, the Company is aware of the importance of diversity in the recruitment of employees. In the area of personnel policy, the Company, applying the principles of equal treatment and non-discrimination, supports

the development of individual talents of employees, whom it treats with dignity and respect regardless of age, gender, professional experience, ethnic origin or nationality. In addition, 2020 was the year in which TSG began to cooperate on a mass scale with foreign specialists – during this period we hired more than 20 foreign employees and permanent co-workers, the vast majority of whom have a very positive impact on the increase of competences in our organization and its diversity.





STATEMENT ON APPLICATION OF CORPORATE GOVERNANCE PRINCIPLES  
AT TEN SQUARE GAMES S.A. IN 2020

PRESIDENT OF THE MANAGEMENT  
BOARD

Maciej Zużatek

CZŁONEK ZARZĄDU

Andrzej Ilczuk

MEMBER OF THE MANAGEMENT  
BOARD

Anna Idzikowska

MEMBER OF THE MANAGEMENT  
BOARD

Janusz Dziemidowicz

MEMBER OF THE MANAGEMENT  
BOARD

Marcin Chruszczyński

MEMBER OF THE MANAGEMENT  
BOARD

Wojciech Gattner

Wrocław, 22 marca 2021 r.