



**REPORT ON THE REMUNERATION**

**OF THE MEMBERS OF TEN SQUARE GAMES S.A.**  
**MANAGEMENT BOARD AND SUPERVISORY BOARD**

**FOR 2023**

Wrocław, 24 April 2024

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## 1. INTRODUCTION

This report on the remuneration of the members of the Management Board and Supervisory Board of Ten Square Games S.A. for 2023 has been prepared pursuant to Article 90g of the Public Offering Act and presents a comprehensive overview of remuneration, including all benefits received or due to individual members of the Management Board and Supervisory Board in fiscal year 2023, in accordance with the Company's internal regulations and corporate governance procedures, and in particular in accordance with the Remuneration Policy.

All amounts included in this report are gross for employment and management contracts and net for VAT invoice amounts. All amounts are denominated in PLN.

### 1.1 DEFINITIONS

**Capital Group, Group** - refers to the capital group that includes the Company as the parent company and all of its subsidiaries under IFRS. For details, please refer to the consolidated financial statements for 2023 (Note 7 in the "General Information" section);

**Audit Committee**- the audit committee of the Company's Supervisory Board;

**Nomination and Remuneration Committee** - a committee functioning within the structure of the Company's Supervisory Board, with the powers of the nomination committee and the remuneration committee;

**Next of kin** - the close person is considered to be a spouse, ascendant, descendant, sibling, relative in the same line or of the same degree, a person in an adoption relationship and his or her spouse, as well as a person in cohabitation;

**Reporting period** - the period from January 1, 2023 to December 31, 2023.

**Remuneration Policy**-Document entitled: "Remuneration Policy for the Members of the Management and Supervisory Boards of Ten Square Games S.A." - in effect during the Reporting Period, amended in 2022. In its first version, adopted by Resolution No. 22 of the Company's Annual General Meeting of Shareholders on May 20, 2020 and effective until May 26, 2022. On May 26, 2022, the General Meeting of Shareholders passed a resolution to amend the remuneration policy by adopting its new content. The document in its new version is available on the Company's website: [Polityka Wynagrodzeń](#).

**PPK** - employee capital plan operating at the Company;

**Employee** - means a person employed by the Company under an employment contract;

**Chief Executive Officer/ Vice-Chief Executive Officer/Member of the Management Board** - means the President/Vice-President Member of the Management Board of the Company;

**Chairperson/Vice-Chairperson/Member of the Supervisory Board** - means the chairperson/vice-chairperson/ member of the Supervisory Board of the Company;

**Supervisory Board**-means the Supervisory Board of the Company;

**Company** - Ten Square Games S.A. with its registered office in Wrocław, 45 Gen. Romualda Traugutta St., entered in the Register of Entrepreneurs of the National Court Register kept by the District Court for Wrocław-Fabryczna in Wrocław, VI Economic Department of the National Court Register, under the KRS number 0000704863, with the share capital of PLN 733,482.20 fully paid up, NIP: 8982196752, REGON: 021744780;

**Act on Public Offering** - Act of July 29, 2005 on Public Offering, Conditions Governing the Introduction of Financial Instruments to Organized Trading, and Public Companies (i.e., Journal of Laws 2022.2554);

**Act on Employee Equity Plans** - the Act of October 04, 2018 on Employee Equity Plans (i.e., Journal of Laws 2023.46).

**General Meeting** - means the General Meeting of Shareholders of the Company;

**Management Board** - means the Management Board of the Company.

## **1.2. SUMMARY OF THE MOST IMPORTANT EVENTS IN THE REPORTING PERIOD, AFFECTING THE REMUNERATION OF BOARD MEMBERS**

In 2023, the Group's total bookings amounted to PLN 443.7 million, down by 18% compared to 2022. This was mainly the result of negative trends in the mobile game market, which Ten Square Games Group faced in the first half of 2023, and the falling USD/PLN exchange rate during 2023.

In view of the unfavorable market situation resulting in a decline in payments from games in the Group's portfolio, Ten Square Games' Management Board decided on April 17, 2023 to change its strategic priorities. The Group focused on improving the financial performance and development of its main products - Fishing Clash, Hunting Clash, and on building the monetization depth of its latest production, Wings of Heroes. At the same time, the Company's Management Board decided to abandon further work on two projects (Undead Clash and Fishing Masters) and adjust the employment structure to the current market situation, market prospects and plans for the near future.

As a result of the reduction in the Company's workforce, payroll costs within general and administrative expenses in 2023 decreased by 26.2% compared to 2022. Due to the reorganization of work and reduction in the number of active offices in various locations, the cost of maintaining subsidiaries decreased by 32.3% y/y.

As a result of the cost-saving measures taken, the amount of recurring expenses within general and administrative expenses decreased by 22% y/y.

In 2023, the Company also decided to reduce advertising expenses. They were lower across the Group by nearly 27% and decreased from PLN 118.9 million to PLN 86.9 million in 2023. Their most significant decrease was recorded in the second half of 2023.

Important for improving business efficiency and reducing the Group's sales costs was the launch of the TSG Store, an in-house store where players can purchase products without going through the major platforms. Sales generated by the TSG Store carry a lower commission than that charged to the Group when players purchase through Google or Apple platforms.

Normalized (adjusted) EBITDA amounted to PLN 118.6 million in 2023, down by 15.4% compared to 2022. It is noteworthy that as a result of restructuring, cost discipline, streamlining operational processes and working to improve the indicators of the Group's main products, Adjusted EBITDA in the fourth quarter of 2023 alone amounted to PLN 35.4 million, the highest quarterly reading of this indicator in 2023. It was also a higher result than that recorded in the fourth quarter of 2022. Reducing the number of concurrently developed projects and focusing the Group's resources around its largest products resulted in an improvement in the Group's financial performance in the second half of the year. This action also demonstrated the advantages of the Group's business model, which allows it to generate regular cash flow by streamlining the Group's main titles. In the case of the youngest title in the Group's portfolio, Wings of Heroes, the investment in improved monetization, the addition of new content and the development of social features resulted in an improvement in the game's main metrics in the end of 2023. The game's bookings rate was also higher. Rortos' other game, Real Flight Simulator, also recorded record results in the fourth quarter of 2023 since joining the TSG Group.

In 2023, the Group recorded a net profit of PLN 15.2 million despite the fact that the result was heavily burdened by the cost of one-off events, as described in more detail in the Company's Financial Statements.

## **1.3 COMPOSITION OF THE COMPANY'S SUPERVISORY BOARD AND MANAGEMENT BOARD IN 2023**

### **1.3.1. Supervisory Board**

The composition of the Supervisory Board as of 31 December 2023:

Rafał Olesiński – the Chairman of the Supervisory Board;  
Wiktor Schmidt – Vice-Chairman of the Supervisory Board;  
Marin Biłos – Member of the Supervisory Board;  
Maciej Marszałek – Member of the Supervisory Board;

Arkadiusz Pernal – Member of the Supervisory Board;  
Kinga Stanisławska – Member of the Supervisory Board.

There were no personnel changes in the composition of the Supervisory Board during the reporting period.

### **1.3.2 Audit Committee**

There is an Audit Committee within the Supervisory Board, which worked in the reporting period with the following composition:

Marcin Biłos – the Chairman of the Audit Committee;  
Maciej Marszałek – Member of the Audit Committee;  
Kinga Stanisławska – Member of the Audit Committee.

There were no personnel changes in the composition of the Audit Committee during the reporting period.

### **1.3.3. Nomination and Remuneration Committee**

There is a Nomination and Remuneration Committee within the Supervisory Board, which worked in the reporting period with the following composition:

Rafał Olesiński – the Chairman of the Nomination and Remuneration Committee;  
Maciej Marszałek – Member of the Nomination and Remuneration Committee;  
Arkadiusz Pernal – Member of the Nomination and Remuneration Committee.

There were no personnel changes in the composition of the Nomination and Remuneration Committee during the reporting period.

### **1.3.4. Management Board**

The composition of the Management Board as of 31 December 2023:

Andrzej Ilczuk – President of the Management Board;  
Janusz Dziemidowicz – Member of the Management Board;  
Magdalena Jurewicz – Member of the Management Board.

During the Reporting period and thereafter, until the date of this report, the following changes in the composition of the Management Board took place:

- 1) On January 13, 2023, the Company's Management Board learned of the decision of the Company's Management Board Member Ms. Anna Idzikowska to resign from the Company's Management Board effective February 28, 2023.
- 2) On April 21, 2023, Maciej Zużalek, President of the Management Board, and Wojciech Gattner, Member of the Management Board, resigned from their positions effective at the end of 22.05.2023.
- 3) On May 17, 2023, the Supervisory Board appointed current Board Member Mr. Andrzej Ilczuk to serve as President of the Management Board, effective as of May 23, 2023.

## **1.4 METHODOLOGY FOR PREPARING A REMUNERATION REPORT**

The methodology for preparing this report with regard to the method of calculating the total remuneration of each Management Board Member is to include in the total amount of compensation of the Management Board Member - in addition to the compensation for serving on the Company's Management Board - the compensation associated with remaining in an employment/civil law relationship with the Company, under which work is performed/services are rendered, unrelated to the performance of management functions.

The adopted methodology is a result of the fact that the Management Board includes persons who are connected with the Company by employment/civil law relationships, for which they receive benefits of significant value. The purpose of the adopted methodology is to maintain transparency in the presentation of the benefits received by these persons and their overall presentation. This also preserves the consistency of the remuneration report with the Company's financial statements, where the remuneration of the Company's Management Board members based on various legal relationships with the Company is presented together.

## **2. REMUNERATION OF THE SUPERVISORY BOARD MEMBERS**

### **2.1. INTERNAL REGULATIONS GOVERNING THE REMUNERATION OF MEMBERS OF THE SUPERVISORY BOARD**

During the Reporting period, the remuneration rules for the Supervisory Board under the Remuneration Policy were in effect.

According to the Remuneration Policy, Supervisory Board Members receive only fixed (monthly) remuneration for serving on the Supervisory Board. Supervisory Board Members serving on Supervisory Board committees also receive fixed monthly additional remuneration for serving on Supervisory Board committees. Supervisory Board Members' remuneration is paid only in cash.

During the Reporting period, the amount of remuneration for Supervisory Board Members was determined on the basis of Resolution No. 23 of the Company's Ordinary General Meeting of May 20, 2020 on the determination of principles for remuneration of Supervisory Board Members of the second term, which was adopted taking into account the provisions of the Remuneration Policy. The aforementioned resolution establishes the amount and rules for the payment of remuneration to Supervisory Board Members for serving on the Supervisory Board and its committees (i.e., the Audit Committee and the Nomination and Remuneration Committee). The monthly remuneration amounts to: PLN 8,000 for the Chairman of the Supervisory Board; PLN 4,000 for the other members of the Supervisory Board; PLN 500 for a Supervisory Board member's function in a committee of the Supervisory Board.

In addition, in accordance with the Remuneration Policy, each member of the Supervisory Board is entitled to reimbursement of expenses related to participation in the work of the Supervisory Board, in particular travel, lodging and meals.

### **2.2. REMUNERATION RECEIVED BY SUPERVISORY BOARD MEMBERS IN 2023**

Table 1 shows the total compensation received by Supervisory Board Members in 2023, broken down into the following components: fixed remuneration for serving on the Supervisory Board and additional fixed remuneration for serving on Supervisory Board committees. During the Reporting period, Supervisory Board Members did not receive any other benefits from the Company, including reimbursement of expenses related to participation in the work of the Supervisory Board.

At the same time, in order to ensure the transparency of this report, below there is information on Employee Equity Plans in which Supervisory Board Members participated during the Reporting period.

As of November 1, 2020, an employee equity plan (PPK) is in operation at the Company. Given that during the Reporting period, the Supervisory Board Members received fixed salaries for their positions on the Supervisory Board, they were subject to mandatory pension and disability insurance on this account, and were therefore employees within the meaning of the Employee Equity Plan Law. Accordingly, the Company accrued and paid contributions to the PPK, in accordance with the applicable regulations (including the portion financed by the Company).

Given that, during the Reporting period, contributions to the PPK were made by the Company on the basis of and in the amount indicated in the Law on Employee Equity Plans, the Company does not consider this as additional benefits or advantages granted to the Supervisory Board Members. Accordingly, the Company, as was the case in the 2022 Report on Remuneration of Members of the Management Board and Supervisory Board, does not report these contributions in the statement of remuneration of Members of the Supervisory Board indicated in Table 1.

Tabela 1 – Remuneration of Supervisory Board Members in 2023.

Name and last name Position	Fixed remuneration for serving on the Supervisory Board	Additional fixed remuneration for serving on Supervisory Board committee(s)	Total remuneration
<b>Rafał Olesiński</b> The Chairman of the Supervisory Board & the Chairman of the Nomination and Remuneration Committee	96 000	6 000	102 000
<b>Wiktor Schmidt</b> Vice - Chairman of the Supervisory Board	48 000	0	48 000
<b>Marcin Bilos</b> Member of the Supervisory Board and the Chairman of the Audit Committee	48 000	6 000	54 000
<b>Maciej Marszałek</b> Member of the Supervisory Board & Member of Audit Committee and the Nomination and Remuneration Committee	48 000	12 000	60 000
<b>Kinga Stanisławska</b> Member of the Supervisory Board & Member of the Audit Committee	48 000	6 000	54 000
<b>Arkadiusz Pernal</b> Member of the Supervisory Board & Member of Audit Committee and the Nomination and Remuneration Committee	48 000	6 000	54 000

### 3. REMUNERATION OF THE MANAGEMENT BOARD MEMBERS

The regulations governing the remuneration of Management Board Members are presented below, and the total remuneration of Management Board Members due and received in 2023, broken down by the components referred to in Article 90d(3)(1) of the Public Offering Act, are presented below.

#### 3.1. INTERNAL REGULATIONS GOVERNING THE REMUNERATION OF MEMBERS OF THE MANAGEMENT BOARD MEMBERS

During the Reporting period, the Company had rules for the remuneration of Management Board Members based on the Remuneration Policy.

The purpose of the Remuneration Policy is to ensure a consistent and motivational remuneration system, the level of which is adjusted to the qualifications, skills and level of professional experience of the Board Member, taking into account the Company's financial and non-financial performance. An important factor taken into account in determining remuneration is also the contribution to the implementation of the Company's business strategy, securing the Company's long-term interests and ensuring the stability of its operations.

In accordance with the Remuneration Policy, all benefits for persons on the Company's Management Board are granted by the Supervisory Board on the basis of a resolution of this body (by indicating explicitly in the resolution or in the content of the agreement concluded with the Management Board Member attached to the Supervisory Board's resolution).

Remuneration for serving on the Management Board may be granted by an employment contract, managerial contract or solely by an appointment letter. The Supervisory Board is authorized to establish different legal bases for the management relationship and different detailed contents of contracts for individual Board Members.

The obligatory part of the remuneration paid to Management Board Members for serving on the Company's Management Board is only fixed remuneration.

In addition to the fixed remuneration for serving on the Company's Management Board, a member of the Management Board may be awarded variable remuneration on the same basis, the payment of which depends on the achievement of management objectives. Determination of the objectives and their importance, ascertainment of their realization and the amount of variable remuneration due shall be made on the basis of relevant resolutions of the Supervisory Board within the limits and under the conditions set forth by the Remuneration Policy. Variable remuneration is due to the respective Management Board Member upon approval of the Company's/Group's financial statements for the fiscal year to which the management objective relates and the discharge of his/her duties by the General Meeting of Shareholders. Other additional monetary and non-monetary benefits, as indicated in the Remuneration Policy, may also be granted to Management Board Members.

During the Reporting period, the amount of fixed remuneration for serving on the Management Board of individual Board Members was determined by resolutions of the Supervisory Board adopted with the appointment of the individual to serve on the Company's Management Board.

In addition, a managerial contract was concluded with former CEO Maciej Zużalek in 2020, the scope of which included the performance of management functions. The management contract stipulated the amount of fixed remuneration and the possibility of awarding variable remuneration for the achievement of management goals. The determination of the goals and their importance, the statement of their achievement and the amount of the variable remuneration due occurred on the basis of relevant resolutions of the Supervisory Board within the limits and under the conditions set by the Remuneration Policy.

In addition to the activities arising from the act of appointment (performing functions on the Company's Management Board), the members of this body may independently perform work or provide services for the Company, provided that the scope of this work (these services) does not overlap or interfere with the tasks performed in connection with the appointment as a Member of the Management Board. In the course of serving on the Company's Management Board, the legal basis for such relationship and the detailed content of the agreement (annexes to the agreement) shall be determined by the Supervisory Board on the basis of negotiations with the person serving on the Company's Management Board. In accordance with the Remuneration Policy, remuneration for work performed or for services rendered that are not related to the performance of management functions may consist of a fixed part, a variable part and additional cash and non-cash benefits.

In accordance with the Remuneration Policy, members of the Board of Directors may be covered by an incentive program established for key individuals in the Company, which is a type of variable remuneration. Incentive programs are established by the General Meeting of Shareholders in the form of a separate resolution and are designed to ensure that the Company's key employees and associates (including Management Board Members) participate in the expected increase in the value of the Capital Group (including the Company) and their lasting association with the Capital Group (including the Company).

### **3.2. FIXED REMUNERATION OF THE MEMBERS OF THE MANAGEMENT BOARD DUE OR RECEIVED IN CASH FOR SERVING ON THE MANAGEMENT BOARD OF THE COMPANY**

Members of the Management Board receive fixed remuneration for their appointment to the Management Board. The amount of these salaries has been determined by relevant resolutions of the Supervisory Board and amounts - with respect to the President of the Management Board - to PLN 4,500 per month, while with respect to the other persons serving on the Management Board - to PLN 3,000 per month each. In addition, Mr. Maciej Zużalek received a fixed remuneration on the basis of a managerial contract concluded with the Company until May 2023. The monthly remuneration amounted to PLN 64,200.

**3.3. VARIABLE REMUNERATION OF MEMBERS OF THE MANAGEMENT BOARD DUE OR RECEIVED IN CASH FOR THEIR FUNCTION ON THE MANAGEMENT BOARD OF THE COMPANY**

During the Reporting period, the Members of the Management Board did not receive variable remuneration for their positions on the Management Board in the form of cash. The Supervisory Board did not set management targets for Management Board Members for 2023, on which variable remuneration paid in cash is contingent.

**3.4. VARIABLE REMUNERATION DUE OR RECEIVED IN THE FORM OF SHARES FOR SERVING ON THE COMPANY'S MANAGEMENT BOARD**

In order to ensure transparency and completeness of information on the benefits received by Board Members in connection with their function, the following is information on the incentive program for the former President of the Management Board, Mr. Maciej Zużalek, which was established prior to the entry into force of the Remuneration Policy.

On May 20, 2020, the Company's General Meeting of Shareholders adopted Resolution No. 26 to include the President of the Management Board - Maciej Zużalek - in the incentive program that includes the right to purchase existing shares. In accordance with the terms of the program, the President of the Management Board purchased (based on sale agreements) from the Company's existing shareholders a total of 144,825 existing shares at a nominal price of PLN 0.1 per share. In accordance with the terms of the program, if within 3 (three) years from the date of adoption of the indicated resolution, the President of the Management Board submits a statement of termination or cancellation of the management contract or resigns from the position of the President of the Management Board of the Company without justifiable reasons, in each case for reasons other than those attributable to the Company, he will be obliged to return a portion of the shares, under the terms described in the resolution. The market value of the program as of the date of grant was PLN 72.4 million. In the financial statements, the Company recognizes the value of the program as an expense in proportion to the period of Maciej Zuzalek's service on the Company's Management Board (in accordance with IFRS 2). In 2020, the amount of PLN 18.1 million was recognized as a cost of the program, in 2021 and 2022, the amount of PLN 24.1 million was recognized as a cost of the program, while in 2023, the amount of PLN 6 million was recognized as a cost of the program.

The adoption of a resolution on the establishment of an incentive program at the Company for Maciej Zużalek was related to his appointment as President of the Company's Management Board, and was aimed at increasing (his) participation in the expected growth of the Company and its Capital Group, and enabling him to ensure a lasting relationship with the Company and the Capital Group.

The Company does not report the cost of this incentive program in Table 2 in the variable compensation due column. Shares were received in full in 2020, prior to the implementation of the Remuneration Policy.

Apart from the above-mentioned stock program, no shares of the Company's stock were awarded to any member of the Board of Directors during 2023. For the sake of completeness, the Company notes that in accordance with Resolution No. 4 of the General Meeting of Shareholders of December 19, 2023, an incentive program for members of the Board of Directors was established; however, the first acquisition of shares from this program took place as early as 2024, i.e. during the next reporting period.

**3.5. ADDITIONAL NON-CASH BENEFITS RECEIVED FOR SERVING ON THE COMPANY'S MANAGEMENT BOARD**

During the Reporting Period, the Chairman of the Board of Directors and Board Members received additional non-cash benefits, consisting of "benefits", i.e. a cafeteria system ("Worksmile") in a fixed amount (the amount of PLN 350 per month for each person) and occasional gifts, which are granted to Board Members on the same basis (i.e., scope and value of benefits) as to Employees.

In addition, two Board Members (Wojciech Gattner and Andrzej Ilczuk) participated in a training program, which was paid for by the Company and ended in May 2023.

The actual value of non-cash benefits received by each Board Member is shown in Table 2.

### **3.6. FIXED REMUNERATION OF THE MANAGEMENT BOARD MEMBERS FOR OTHER CONTRACTS THAT, BY THEIR SCOPE, DO NOT INCLUDE ACTIVITIES THAT ARE PART OF THE FUNCTIONS OF THE BOARD OF DIRECTORS**

In addition to remuneration for their management functions, the Company's Management Board Members during the Reporting period received remuneration on the basis of other legal relationships linking the person to the Company.

During the Reporting period:

- Janusz Dziemidowicz (throughout his tenure on the Management Board) was bound to the Company by a service agreement dated January 13, 2014, which, by its scope, did not include serving on the Management Board of the Company;
- Wojciech Gattner (throughout his tenure on the Management Board) was bound to the Company, by a service agreement dated August 3, 2015, which by its scope did not include serving on the Management Board of the Company;
- Anna Idzikowska (for the entire period of her function on the Management Board) was bound to the Company, by a contract for the provision of services dated January 25, 2019, which by its scope did not include the performance of functions on the Management Board of the Company;
- Andrzej Ilczuk (throughout his tenure on the Management Board) was bound to the Company, by a service agreement dated September 14, 2019, which by its scope did not include serving on the Management Board of the Company;
- Magdalena Jurewicz (for the entire period of her function on the Management Board) was bound to the Company by an employment contract dated April 29, 2016, which by its scope did not include performance of functions on the Management Board of the Company.

### **3.7. VARIABLE REMUNERATION OF MEMBERS OF THE MANAGEMENT BOARD UNDER OTHER CONTRACTS THAT DO NOT INCLUDE IN THEIR SCOPE ACTIVITIES THAT ARE PART OF THE FUNCTIONS OF THE MANAGEMENT BOARD**

The Company's service agreements with Andrzej Ilczuk (addendum of 2023), Wojciech Gattner and Anna Idzikowska stipulate/specify both the amount of fixed remuneration and the possibility of awarding variable remuneration for services not related to the performance of management functions. The detailed conditions for awarding variable remuneration, the method of calculating variable remuneration and the method of its payment are specified in the service agreement concluded with each person.

#### **3.7.1. Variable remuneration of the President of the Management Board Andrzej Ilczuk**

Pursuant to the service agreement (and subsequent annexes) between the Company and Andrzej Ilczuk, Andrzej Ilczuk was entitled to receive variable remuneration calculated quarterly, depending on the financial results of the Group. The total value of the variable remuneration may not exceed PLN 3 million per year.

Andrzej Ilczuk's variable remuneration due for non-management services for 2023 amounted to PLN 413,967. The variable remuneration paid to Andrzej Ilczuk during 2023 amounted to PLN 223,283. The difference between the amounts is due to the postponement by a quarter of the payment's timing. Therefore, as of December 31, 2023, Andrzej Ilczuk was entitled to the variable remuneration due for the fourth quarter of 2023 in the amount of PLN 190,684, which was paid in the final amount equal to PLN 196,801 at the beginning of the second quarter of 2024.

#### **3.7.2. Variable remuneration of the Member of the Management Board Anna Idzikowska**

Pursuant to the service agreement between the Company and Anna Idzikowska, Anna Idzikowska was entitled during the Reporting period to receive variable remuneration dependent on the financial performance of one of the Group's games. The maximum amount of the variable remuneration was PLN 480,000 per year. Anna Idzikowska, due to the fulfillment of the conditions for awarding variable remuneration indicated in the service agreement, which did not include activities within the scope of her function on the Board of Directors, received variable remuneration for services in 2023 (until February 2023) in the amount of PLN 5,139.

**3.7.3. Variable remuneration of the Member of the Management Board Wojciech Gattner**

Pursuant to the service agreement between the Company and Mr. Wojciech Gattner, in force during the period when Mr. Wojciech Gattner served as Member of the Management Board, Mr. Gattner was entitled to receive variable remuneration calculated quarterly, depending on the financial results of selected games of the Group. The total value of the variable remuneration could not exceed PLN 413,675 per quarter.

Wojciech Gattner's variable remuneration due for non-management services for 2023 (during the period he served as Member of the Management Board) amounted to PLN 239,057. The variable remuneration paid to Wojciech Gattner during 2023 (during the period he served as Member of the Management Board) amounted to PLN 306,334. The difference between the amounts is due to shifting the moment of payment by a quarter (e.g., remuneration for Q4 2022 is payable in Q1 2023).

**3.8. TOTAL AMOUNT OF REMUNERATION OF THE MANAGEMENT BOARD IN 2023**

Table 2 presents the total compensation of Management Board Members in 2023, broken down by the components referred to in Article 90 d (3) of the Public Offering Act.

At the same time, in order to ensure the transparency of this report, information on Employee Equity Plans in which Board Members participated during the Reporting period is presented below.

Bearing in mind that during the Reporting Period Maciej Zużalek and Magdalena Jurewicz, were connected with the Company with a managerial contract and an employment contract, respectively, they were obligatorily subject to pension and disability insurance on these titles, and therefore were employed persons within the meaning of the Employee Capital Plans Act. Accordingly, the Company calculated and paid contributions to the PPK, in accordance with the applicable regulations (including the portion financed by the Company).

Given that during the Reporting Period, contributions to PPK were made by the Company on the basis of and in the amount indicated in the Law on Employee Equity Plans, the Company does not consider this as additional benefits or advantages granted to Maciej Zuzalek and Magdalena Jurewicz. Accordingly, it does not show these payments in the statement of compensation of the Members of the Management Board indicated in Table 2.

The Company presents the totals of individual items on an accrual basis (i.e., summing the remuneration due), not on a cash basis (i.e. remuneration paid). This approach ensures consistency in the presentation of data in this report and in the Company's financial statements.

Tabela 2 – Management Board Remuneration in 2023.

	Remuneration for serving on the Management Board					
	Fixed (paid = due)	Variable				Additional non-cash benefits for serving on the Management Board
		Paid in cash	Due in cash	Paid in the form of shares	Due in the form of shares	
Maciej Zużalek – President of the Management Board	342 194	0	0	0	0	1 750
Andrzej Ilczuk - President of the Management Board	46 935	0	0	0	0	141 620
Janusz Dziemidowicz - Member of the Management Board	36 000	0	0	0	0	4 200
Wojciech Gattner - Member of the Management Board	14 129	0	0	0	0	139 170

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Anna Idzikowska - Member of the Management Board	6 000	0	0	0	0	4 200
Magdalena Jurewicz – Member of the Management Board	36 000	0	0	0	0	4 200

	Remuneration under contracts that, by their scope, did not include activities within the scope of the functions on the Management Board (provision of services / employment contract)		
	Fixed (paid = due)	Variable	
		paid	due
Maciej Zużalek - President of the Management Board	0	0	0
Andrzej Ilczuk - President of the Management Board	705 000	223 283	413 967
Janusz Dziemidowicz - Member of the Management Board	600 000	0	0
Wojciech Gattner - Member of the Management Board	250 000	306 334	239 057
Anna Idzikowska - Member of the Management Board	100 000	5 139	5 139
Magdalena Jurewicz - Member of the Management Board	600 000	0	0

	Total remuneration (due)	
	for serving on the Company's Management Board	under contracts that, by their scope, did not include activities within the scope of the functions on the Management Board
Maciej Zużalek - President of the Management Board	343 944	0
Andrzej Ilczuk - President of the Management Board	188 555	1 118 967
Janusz Dziemidowicz - Member of the Management Board	40 200	600 000
Wojciech Gattner - Member of the Management Board	153 299	489 057
Anna Idzikowska - Member of the Management Board	10 200	105 139
Magdalena Jurewicz - Member of the Management Board	40 200	600 000

Total remuneration (due) A=B+D	Total fixed remuneration (due) including non-cash benefits B	Total cash remuneration – variable (due) C	Total remuneration - variable (due) D	Ratio of variable cash remuneration to fixed remuneration (in %)	Ratio of total variable remuneration to fixed remuneration (in %)
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					C/B	D/B
Maciej Zużalek - President of the Management Board	<b>343 944</b>	343 944	0	0	0%	0%
Andrzej Ilczuk - President of the Management Board	<b>1 307 522</b>	893 555	413 967	413 967	46%	46%
Janusz Dziemidowicz - Member of the Management Board	<b>640 200</b>	640 200	0	0	0%	0%
Wojciech Gattner - Member of the Management Board	<b>642 356</b>	403 299	239 057	239 057	59%	59%
Anna Idzikowska - Member of the Management Board	<b>115 339</b>	110 200	5 139	5 139	5%	5%
Magdalena Jurewicz - Member of the Management Board	<b>640 200</b>	640 200	0	0	0%	0%

#### 4. AN EXPLANATION OF HOW TOTAL REMUNERATION IS CONSISTENT WITH THE ADOPTED REMUNERATION POLICY AND HOW IT CONTRIBUTES TO THE COMPANY'S LONG-TERM PERFORMANCE

During the Reporting period, the Company paid remuneration to Members of the Management Board and the Supervisory Board only in accordance with the provisions of the Remuneration Policy - the remuneration included the components provided for in the Remuneration Policy and was paid in accordance with its principles and criteria specified therein. The appropriate proportions between fixed and variable remuneration indicated in the Remuneration Policy were also maintained, because the variable remuneration of each Member of the Management Board did not exceed 10 times the amount of the components constituting his or her fixed remuneration, and taking into account motivational programs, the variable remuneration did not exceed 20 times the components constituting the fixed remuneration of a given Member of the Management Board.

The remuneration of the Supervisory Board Members was determined by the General Meeting of Shareholders in a fixed amount, adequate to the function performed (higher remuneration in relation to the Chairman of the Supervisory Board) and the tasks entrusted to individual persons (additional fixed remuneration was granted for work in committees) and taking into account the scale of the Company's operations and its financial situation.

Members of the Supervisory Board were not entitled to variable remuneration depending on the Company's results, nor were they entitled to participate in share-based incentive programs in force in the Company. The application of these principles and basing the remuneration of Members of the Supervisory Board only on fixed remuneration components ensures the independence of supervisory activities over the economic situation of the Company, making the amount of remuneration of Members of the Supervisory Board independent of the results and economic situation of the Company, which in the case of the Supervisory Board is a desirable effect.

The purpose of the adopted remuneration system for Members of the Management Board is to contribute to their full involvement in performing specific functions and roles they perform in the Company, motivating them to achieve the Company's business goals. Members of the Management Board receive fixed remuneration, but may also receive variable remuneration, the receipt of which is determined by the achievement of management objectives, which include financial and non-financial criteria. During the Reporting period, the Company paid members of the Management Board only fixed remuneration for their functions on the Management Board, on the basis and in the amount provided for in the resolutions of the Supervisory Board.

During the Reporting period, Members of the Management Board were also entitled to remuneration under contracts that did not include activities related to the performance of functions in the Management Board, which is consistent with the Remuneration Policy, which allows for the possibility of remunerating Members of the Company's Management Board in connection with their employment relationship or civil law relationship with the Company. Additionally, remuneration for such titles may consist of a fixed part, a variable part and additional monetary and non-monetary benefits.

Taking the above into account, in the opinion of the Supervisory Board, the form, structure and level of remuneration used so far in the Company correspond to market conditions and reach a level enabling long-term association with the Company of persons responsible for managing the Company and supervising its activities. The level of fixed remuneration received by Members of the Management Board and additional benefits, as well as the variable remuneration and incentive programs operating in the Company, result in long-term and stable cooperation of key people with the Company.

## 5. INFORMATION ON HOW THE CRITERIA REGARDING FINANCIAL PERFORMANCE WERE APPLIED IN THE PROCESS OF MAKING DECISIONS ON REMUNERATION OF MEMBERS OF THE MANAGEMENT BOARD

Each component of the variable remuneration of Management Board Members contains a direct or indirect reference to the Company's financial results:

- variable remuneration from contracts that do not cover activities falling within the scope of functions in the Management Board, of the President and former Members of the Management Board - Andrzej Ilczuk, Anna Idzikowska and Wojciech Gattner, depends on the financial results of individual games of the Company or directly of the entire Company.

## 6. INFORMATION ON THE CHANGE, IN AN ANNUAL PERSPECTIVE, OF REMUNERATION, THE COMPANY'S RESULTS AND THE AVERAGE REMUNERATION OF THE COMPANY'S EMPLOYEES WHO ARE NOT MEMBERS OF THE MANAGEMENT BOARD OR THE SUPERVISORY BOARD

The table below presents changes in total and basic remuneration, the Company's results and average remuneration of the Company's employees in 2019-2023. Based on Article. 90g mouth 3 of the Act on Public Offering, data for 2018 have been omitted.

The remuneration of members of the Management Board and the average remuneration of the Company's employees presented in the table below does not take into account the potential benefits of eligible persons who are members of the Management Board received for participation in the incentive program operating in the Company in 2018-2020 and settled in 2021.

Table 3 - Change in the remuneration of the Supervisory Board and the Management Board, the Company's results and the average remuneration of the Company's employees who are not members of the Management Board or the Supervisory Board

	2023	2022	2021	2020	2019	2023 vs 2022	2022 vs 2021	2021 vs 2020	2020 vs 2019
Remuneration of Supervisory Board									
Rafał Olesiński	102 000	102 000	102 000	78 856	42 000	100%	100%	129%	188%
Wiktor Schmidt	48 000	48 000	48 000	46 485	36 000	100%	100%	103%	129%
Marcin Biłos	54 000	54 000	54 000	33 777	-	100%	100%	160%	-
Maciej Marszałek	60 000	60 000	60 000	43 516	18 000	100%	100%	138%	242%
Kinga Stanisławska	54 000	54 000	54 000	33 048	-	100%	100%	163%	-
Arkadiusz Pernal	54 000	54 000	54 000	-	-	100%	100%	-	-
Remuneration of Management Board									
Maciej Zużalek	343 944	828 650	955 355	509 246	-	42%	87%	188%	-
Janusz Dziemidowicz	640 200	640 250	411 750	-	-	100%	155%	-	-
Wojciech Gattner	642 356	1 505 142	5 958 254	-	-	43%	25%	-	-
Anna Idzikowska	115 339	723 550	4 714 124	-	-	16%	15%	-	-
Andrzej Ilczuk	1 307 522	695 218	4 649 627	-	-	188%	15%	-	-
Magdalena Jurewicz*	640 200	640 250	101 699	161 309	211 410	100%	630%	63%	76%
Company's results									
Consolidated net profit	15 207 141	51 601 126	141 264 582	151 598 963	76 385 801	29%	37%	93%	198%
Standalone net profit	16 662 194	54 512 876	138 261 309	150 589 521	73 796 395	31%	39%	92%	204%

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	2023	2022	2021	2020	2019	2023 vs 2022	2022 vs 2021	2021 vs 2020	2020 vs 2019
Consolidated Adjusted EBITDA	118 583 928	140 114 836	234 179 331	229 643 214	85 727 620	85%	60%	102%	268%
Standalone Adjusted EBITDA	108 380 534	127 061 177	224 444 961	226 325 934	83 039 335	85%	57%	99%	273%
Average gross remuneration									
Company's employees	142 013	122 316	98 589	88 381	77 876	116%	124%	112%	113%

\* Magdalena Jurewicz served on the Company's Management Board from September 1, 2018 to July 31, 2020, and then she has held this position since October 21, 2021. The remuneration of Ms. Magdalena Jurewicz presented in table no. 3 in individual years takes into account the period of her function on the Management Board.

## 7. AMOUNT OF REMUNERATION FROM ENTITIES BELONGING TO THE SAME CAPITAL GROUP

During the Reporting period, Members of the Supervisory Board did not receive remuneration from entities belonging to the Capital Group.

In accordance with the Remuneration Policy, Members of the Management Board who serve on the management boards of subsidiaries of the same capital group may receive fixed remuneration.

The table below presents the remuneration paid to Members of the Company's Management Board by subsidiaries belonging to the same Capital Group for performing functions on the management boards of these entities. The indicated persons did not receive any other benefits from the subsidiaries.

The list does not include:

- Rortos s.r.l. belonging to the Capital Group, because no Member of the Management Board or the Supervisory Board sits on the bodies of this company.
- Ten Square Games Germany GmbH, where in the Reporting period Andrzej Ilczuk and Magdalena Jurewicz served on the management board but they did not receive any remuneration for this;
- Ten Square Games Romania S.r.l., where in the Reporting period Janusz Dziemidowicz and Magdalena Jurewicz served on the management board but they did not receive any remuneration for this.

Tabela nr 4 – remuneration from subsidiaries

Name and last name	Play Cool Zombie Sport Games Sp. z o.o.	Tiny Dragon Adventure Games Sp. z o.o.	Fat Lion Games Sp. z o.o.	Total remuneration from entities belonging to the same Capital Group
Magdalena Jurewicz	1 200	1 200	1 200	3 600
Andrzej Ilczuk	1 200	1 200	1 200	3 600

## 8. NUMBER OF FINANCIAL INSTRUMENTS GRANTED OR OFFERED AND THE MAIN CONDITIONS FOR THE EXERCISE OF RIGHTS FROM THESE INSTRUMENTS, INCLUDING THE PRICE AND EXERCISE DATE AND THEIR CHANGES

During the Reporting period, no financial instruments were granted to any Member of the Management Board or the Supervisory Board.

On December 19, 2023, the Company's General Meeting of Shareholders adopted an incentive program for 2024-2025 addressed to members of the Company's Management Board. In total, participants will be able to purchase up to 37,500 shares in three tranches.

The program consists of three tranches, the conditions for granting shares in each tranche are described below:

- Tranche I: granting of 12,500 shares (4,500 shares for Andrzej Ilczuk, 4,000 shares for Janusz Dziemidowicz, 4,000 shares for Magdalena Jurewicz) dependent on presenting the Group's operating strategy in 2024 to the Company's Supervisory Board;
- Tranche II: granting of 12,500 shares (4,500 shares for Andrzej Ilczuk, 4,000 shares for Janusz Dziemidowicz, 4,000 shares for Magdalena Jurewicz) dependent on achieving a specific financial result in 2024;
- Tranche III: granting of 12,500 shares (4,500 shares for Andrzej Ilczuk, 4,000 shares for Janusz Dziemidowicz, 4,000 shares for Magdalena Jurewicz) dependent on achieving a specific financial result in 2025;

The Supervisory Board was entrusted with indicating a specific financial result in 2024 and 2025. As at the date of issuing this report, the Supervisory Board has determined the parameter for 2024, but the parameter for 2025 has not been determined.

As at the date of issuing this report, shares were issued at nominal price to Members of the Management Board as part of tranche I, which is related to the fulfillment of the program criterion in January 2024.

## **9. INFORMATION ON THE POSSIBILITY TO REQUEST A REFUND OF VARIABLE REMUNERATION COMPONENTS**

During the Reporting period, the Company did not use the option to request the return of variable remuneration components.

## **10. INFORMATION REGARDING DEPARTURE FROM THE PROCEDURE FOR IMPLEMENTING THE REMUNERATION POLICY, INCLUDING AN EXPLANATION OF THE REASONS AND PROCEDURE, AND AN INDICATION OF THE ELEMENTS FROM WHICH DEPARTURES WERE APPLIED**

During the Reporting period, the Company did not depart from the implementation of the Remuneration Policy, from its temporary application, or from the procedure for implementing the Remuneration Policy.

## **11. EXPLANATION OF HOW THE RESOLUTION OF THE GENERAL MEETING REGARDING THE PREVIOUS REMUNERATION REPORT WAS CONSIDERED**

The remuneration report for 2022 was adopted by the General Meeting by resolution No. 8 of June 14, 2023 without any comments. Therefore, this report has been prepared using the same methodology as the 2022 report.

## **12. INFORMATION ABOUT BENEFITS FOR NEXT OF KIN**

In order to ensure completeness of information and transparency, the Company indicates that the remuneration of Members of the Management Board and the Supervisory Board does not include monetary or non-monetary benefits for Next of kin and such benefits were not granted in the reporting period. For this reason, the remuneration report does not include information on the value of such benefits.

## **13. SUMMARY**

The Supervisory Board reviewed the remuneration and all benefits received by individual Members of the Management Board and Supervisory Board in terms of compliance with the applicable rules and Remuneration Policy. In the opinion of the Supervisory Board, the remuneration paid to Members of the Management Board, both in terms of fixed and variable components, is consistent with the applicable Remuneration Policy and meets all requirements provided for by law. The Supervisory Board positively assesses the functioning of the Remuneration Policy and the compliance of the remuneration of Members of the Management Board and the Supervisory Board with the remuneration policy applicable in the Company.

The Supervisory Board adopted the report by resolution No. 2 of April 24, 2024.

This report has been assessed by a certified auditor to include the information required under Art. 90g mouth 1-5 and 8 of the Act on Public Offering.

This report is submitted by the Supervisory Board to the Ordinary General Meeting for an opinion in the form of a resolution which is of an advisory nature.

After approval of this report by the Ordinary General Meeting, it will be made available on the Company's website.