

CORPORATE GOVERNANCE STATEMENT OF PCF GROUP S.A. FOR 2020

Introduction

Since December 15th 2020, i.e. the date of admission of PCF Group S.A. shares to trading on the regulated market of the Warsaw Stock Exchange, the Company has been subject to the corporate governance standards of the Best Practice for GPW Listed Companies 2016, a document attached to Resolution No. 26/1413/2015 of the Warsaw Stock Exchange's Supervisory Board of October 13th 2015, effective from January 1st 2016.

The content of the Best Practice for GPW Listed Companies 2016 corporate governance standards is publicly available on the website of the Warsaw Stock Exchange at:

www.gpw.pl/pub/GPW/files/PDF/GPW_1015_17_DOBRE_PRAKTYKI_v2.pdf

and in the registered office of the Warsaw Stock Exchange.

In fulfilling the disclosure requirements regarding the application of corporate governance standards, PCF Group S.A. is guided by the principles of an effective and transparent information policy and communication with the market and investors. In its Current Report No. 1/2020 (EBI) of December 17th 2020, the Company reported on the scope of application of the corporate governance standards of the Best Practice for GPW Listed Companies 2016, identifying certain specific corporate governance standards that were not applied by the Company on a permanent basis. All information arising from the corporate governance standards adopted by the Company is published on the Company's website at:

peoplecanfly.com/wp-content/uploads/2020/12/informacja-na-temat-stanu-stosowania-przez-spolke-rekomendacji-i-zasad-zawartych-w-zbiorze-dobre-praktyki-spolek-notowanych-na-gpw-2016.pdf

Scope of non-compliance with the code of corporate governance standards

With respect to the Best Practice for GPW Listed Companies 2016, the Company undertook to follow all the provisions of that code of corporate governance standards, except for the following:

I. Disclosure Policy and Investor Communications

Recommendations

I.R.2. Where a company pursues sponsorship, charity or other similar activities, it should publish information about the relevant policy in its annual activity report.

This standard is applied.

Company's comment: *For the time being, the Company does not pursue any sponsorship, charity or other similar activities.*

Detailed principles

I.Z.1. A company should operate a corporate website and publish on it, in a legible form and in a separate section, in addition to information required under the legislation:

I.Z.1.3. a chart showing the division of duties and responsibilities among members of the management board drawn up according to principle II.Z.1;

This standard is not applied.

Company's comment: *The standard is not fully applied. The Management Board has only one member, hence, for objective reasons, the Company is unable to publish on its website a chart showing the internal division of responsibilities for individual areas of the Company's activity among members of the Management Board; however, the Company intends to apply this standard in full if more members are appointed to the Management Board, and until such time it will publish on its website the internal division of responsibilities for individual areas of the Company's activity, considering that the Management Board has only one member.*

I.Z.1.8. selected financial data of the company for the last five years of business in a format enabling the recipient to process such data;

This standard is not applied.

Company's comment: *The standard is not fully applied. The Company intends to publish on its website selected financial data of the company for the last five years of business in a format enabling the recipient to process such data. However, the Company notes that until 2018 its financial statements were prepared in accordance with the Accounting Act of September 29th 1994 (the "Accounting Act"), and since then have been prepared in accordance with international financial reporting standards endorsed for use in the European Union (the "IFRS"). In order to draw up the prospectus approved by the Polish Financial Supervision Authority on November 25th 2020, the Company prepared consolidated audited historical financial information of the Group for the periods from January 1st to December 31st 2019, from January 1st to December 31st 2018, and from January 1st to December 31st 2017 for the purpose of the offering of Company shares in accordance with international accounting standards ("IAS"), IFRS and interpretations thereof endorsed for use in the European Union. Therefore, for the sake of continuity and comparability of information, the Company will present data according to IFRS starting from January 1st 2017, and according to the Accounting Act as at and for the years ended December 31st 2015 and December 31st 2016.*

- I.Z.1.10. financial projections, if the company has decided to publish them, published at least in the last five years, including information about the degree of their implementation;

This standard is applied.

Company's comment: *The Company has not decided to publish any financial projections.*

- I.Z.1.15. information about the company's diversity policy applicable to the company's governing bodies and key managers; the description should cover the following elements of the diversity policy: gender, education, age, professional experience, and specify the goals of the diversity policy and its implementation in the reporting period; where the company has not drafted and implemented a diversity policy, it should publish the explanation of its decision on its website;

This standard is not applied.

Company's comment: *The Company has not drafted any formalised diversity policy. The Company employs people with relevant qualifications and professional experience without discriminating them based on age or gender. When selecting candidates for supervisory and management positions, the authorised bodies are guided by the interests of the Company and its shareholders, taking into account the relevant qualifications, skills and experience of the candidates. Given the nature of the Company's operations, its size and the need to acquire employees with specialist knowledge, the key criterion applied by the Company in selecting staff is their qualifications and professional experience, while other criteria, such as their age or gender, are disregarded. Members of the Company's governing bodies and senior management are selected so as to ensure the relevant pool of educational background, qualifications and experience, in order to enable the Company to leverage their knowledge and experience across all business areas. In addition, considering its strong growth, the Company believes that incorporating diversity management principles into a formal policy could restrict its ability to attract talent with qualifications relevant to its business at a given point in time.*

- I.Z.1.16. information about the planned transmission of a general meeting, not later than seven days before the date of the general meeting;

This standard is not applied.

Company's comment: *The Company intends to comply with this standard if the person convening a General Meeting decides that attending by means of electronic communication is permitted. If shareholders participate in the General Meeting by means of electronic communication, the Company intends to ensure that the General Meeting is broadcast in real time to shareholders who have registered for the General Meeting.*

- I.Z.1.17. justification of draft resolutions of the general meeting concerning issues and determinations which are relevant to or may give rise to doubts of shareholders, within a timeframe enabling participants of the general meeting to review them and pass the resolution with adequate understanding;

This standard is applied.

Company's comment: *The publication of justifications of draft resolutions of the General Meeting concerning matters referred to in the standard will be ensured for matters brought up by the Management Board. For draft resolutions proposed by shareholders, the publication will be subject to the submission of a justification by such shareholders.*

I.Z.1.20. an audio or video recording of a general meeting,

This standard is not applied.

Company's comment: *The Company does not publish any audio or video recordings of its General Meetings due to the lack of technical infrastructure required to make such recordings to an appropriate quality standard and additional costs involved in engaging a professional third party to provide such services, as well as the lack of interest of shareholders in accessing such recordings of the General Meetings, mostly because of the prevalent practice of attending the Company's General Meetings by proxy. In addition, recording of the Company's General Meetings would entail publishing the images of General Meeting participants, who are not public figures. The Company believes that the proper performance of disclosure obligations relating to General Meetings, in particular the publication of current reports and disclosure of relevant information on the corporate website, provides shareholders with full access to General Meeting information. However, the Company declares that it will comply with the corporate governance standard with respect to the publication of audio recordings of General Meetings on its website if the Company's shareholders, including minority shareholders (stock exchange investors), express their interest in such publications.*

II. Management Board, Supervisory Board

Recommendations

II.R.2. Decisions to elect members of the management board or the supervisory board of a company should ensure that the composition of these bodies is comprehensive and diverse among others in terms of gender, education, age and professional experience.

This standard is not applied.

Company's comment: *The Company has no diversity policy in place. The Company employs people with relevant qualifications and professional experience without discriminating them based on age or gender. When selecting candidates for members of the Management Board and Supervisory Board, the authorised bodies are guided by the interests of the Company and its shareholders, taking into account the relevant qualifications, skills and experience of the candidates. Decisions to appoint members of the Management Board or Supervisory Board are not based on gender. Therefore, the Company cannot ensure an equal representation of women and men in management and supervisory positions.*

Detailed principles

II.Z.1. The internal division of responsibilities for individual areas of the company's activity among management board members should be clear and transparent, and a chart describing that division should be available on the company's website.

This standard is not applied.

Company's comment: *The Company's Management Board has only one member, but the Company intends to apply the standard if more members are appointed to the Management Board.*

II.Z.2. A company's management board members may sit on the management board or supervisory board of companies other than members of its group subject to the approval of the supervisory board.

This standard is not applied.

Company's comment: *The Company's Articles of Association and applicable internal documents do not impose any disclosure obligation in this respect on members of the Management Board. The Company does not rule out that it may amend its internal documents to address this issue.*

III. Internal Systems and Functions

Recommendations

- III.R.1. The company's structure should include separate units responsible for the performance of tasks in individual systems or functions, unless the separation of such units is not justified by the size or type of the company's activity.

This standard is not applied.

Company's comment: *Save for the Audit Committee, the Company's structure does not include any separate units responsible for the performance of tasks in individual systems or functions because the separation of such units is not justified by the type of the Company's activity.*

Detailed principles

- III.Z.2 Subject to principle III.Z.3, persons responsible for risk management, internal audit and compliance should report directly to the president or other member of the management board and should be allowed to report directly to the supervisory board or the audit committee.

This standard is not applied.

Company's comment: *The Company's structure does not include a separate unit responsible for risk management, internal audit (other than the Audit Committee) and compliance. All tasks in these areas are performed directly by the Management Board. If a separate unit for any of the above areas is established within the Company, the persons in charge of such areas will report directly to the President of the Management Board, and if the Management Board has more than one member, they might possibly report to another member of the Management Board, and they will also have the option to report directly to the Supervisory Board or the Audit Committee.*

- III.Z.3. The independence rules defined in generally accepted international standards of the professional internal audit practice apply to the person heading the internal audit function and other persons responsible for such tasks.

This standard is not applied.

Company's comment: *The Company has an Audit Committee composed of three members, two of whom, including the Chairman of the Audit Committee, satisfy the independence criteria within the meaning of the Best Practice and the Act on Statutory Auditors, Audit Firms and Public Oversight of May 11th 2017. If a separate unit in charge of internal audit is established within the Company, the Company will make efforts to ensure that the independence rules defined in generally accepted international standards of the professional internal audit practice apply to the person heading the internal audit function and other persons responsible for such tasks.*

- III.Z.4. The person responsible for internal audit (if the function is separated in the company) and the management board should report to the supervisory board at least once per year with their assessment of the efficiency of the systems and functions referred to in principle III.Z.1 and table a relevant report.

This standard is not applied.

Company's comment: *The Company's structure does not include a separate unit responsible for internal audit (other than the Audit Committee). The Company intends to achieve compliance with this standard in relation to the Management Board.*

IV. General Meeting, Shareholder Relations

Recommendations

- IV.R.2 If justified by the structure of shareholders or expectations of shareholders notified to the company, and if the company is in a position to provide the technical infrastructure necessary for a general meeting to proceed efficiently using electronic communication means, the company should enable its shareholders to participate in a general meeting using such means, in particular through:

- 1) real-life broadcast of the general meeting;

- 2) real-time bilateral communication where shareholders may take the floor during a general meeting from a location other than the general meeting;
- 3) exercise of the right to vote during a general meeting either in person or through a plenipotentiary.

This standard is not applied.

Company's comment: *The Company intends to comply with this recommendation if the person convening a General Meeting decides that attending by means of electronic communication is permitted. If shareholders participate in the General Meeting by means of electronic communication, the Company intends to ensure that the General Meeting is broadcast in real time to shareholders who have registered for the General Meeting.*

- IV.R.3. Where securities issued by a company are traded in different countries (or in different markets) and in different legal systems, the company should strive to ensure that corporate events related to the acquisition of rights by shareholders take place on the same dates in all the countries where such securities are traded.

This standard is applied.

Company's comment: *Securities issued by the Company (i.e. shares) are listed only in Poland, on the regulated market operated by the Warsaw Stock Exchange.*

Detailed principles

- IV.Z.2. If justified by the structure of shareholders, companies should ensure publicly available real-time broadcasts of general meetings.

This standard is not applied.

Company's comment: *The Company does not intend to ensure publicly available real-time broadcasts of General Meetings. If shareholders participate in the General Meeting by means of electronic communication, the Company intends to ensure that the General Meeting is broadcast in real time to shareholders who have registered for the General Meeting. The Company believes that the performance of disclosure obligations relating to General Meetings, in particular the publication of current reports and disclosure of relevant information on the corporate website, will provide shareholders with full access to its General Meeting information.*

- IV.Z.5. The rules of general meetings and the method of conducting the meeting and adopting resolutions must not restrict the participation of shareholders in general meetings and the exercising of their rights. Amendments of the rules of the general meeting should take effect at the earliest as of the next general meeting.

This standard is applied.

Company's comment: *The Company's Articles of Association do not provide for an obligation to adopt the rules of General Meetings.*

- IV.Z.18. A resolution of the general meeting to split the nominal value of shares should not set the new nominal value of the shares below PLN 0.50, which could result in a very low unit market value of the shares, and which could consequently pose a threat to the correct and reliable valuation of the company listed on the Exchange.

This standard is not applied.

Company's comment: *The nominal (par) value of Company shares is PLN 0.02 and had been set at that level prior to the public offering of Company shares. The Management Board believes that a nominal value of Company shares set below PLN 0.50 will not pose a threat in the foreseeable future to the correct and reliable valuation of the Company on the stock exchange, as the expected price of Company shares on the stock exchange exceeds the PLN 0.50 threshold. At the same time, the Management Board does not intend to recommend that the General Meeting pass a resolution to further split the nominal value of the shares.*

V. Conflict of Interest, Related Party Transactions

Detailed principles

- V.Z.5. Before the company concludes a significant agreement with a shareholder who holds at least 5% of the total vote in the company or with a related party, the management board should request the supervisory board's approval of the transaction.

Before giving its approval, the supervisory board should evaluate the impact of the transaction on the interest of the company. The foregoing does not apply to typical transactions and transactions at arm's-length made as part of the company's operations between the company and members of its group.

If the decision concerning the company's significant agreement with a related party is made by the general meeting, the company should give all shareholders access to information necessary to assess the impact of the transaction on the interest of the company before the decision is made.

This standard is not applied.

Company's comment: *The Articles of Association do not require the Management Board to request the Supervisory Board's approval of the execution by the Company of a significant agreement with a shareholder holding at least 5% of the total vote in the Company or a related party, neither is this within the authority of the Company's General Meeting as set out in the Company's Articles of Association. However, the Company intends to comply with this standard, also in line with the relevant provisions of the Act on Public Offering, Conditions Governing the Introduction of Financial Instruments to Organised Trading, and Public Companies of July 29th 2005 concerning related-party transactions.*

- V.Z.6. In its internal regulations, the company should define the criteria and circumstances under which a conflict of interest may arise in the company, as well as the rules of conduct where a conflict of interest has arisen or may arise. The company's internal regulations should among others provide for ways to prevent, identify and resolve conflicts of interest, as well as rules of excluding members of the management board or the supervisory board from participation in reviewing matters subject to a conflict of interest which has arisen or may arise.

This standard is not applied.

Company's comment: *The Company intends to achieve compliance with this standard. Decisions of the Company's governing bodies are made in accordance with applicable laws and regulations, in particular the Commercial Companies Code of September 15th 2000. In addition, the rules of procedure for the Company's Management Board and Supervisory Board provide for ways to address existing or potential conflicts of interest. However, they do not specify any criteria or circumstances under which a conflict of interest may arise at the Company, and the Company does not intend to define such criteria or circumstances on its own. Members of the Company's governing bodies have sufficient knowledge and experience to comply with the applicable regulations in this respect.*

VI. Remuneration

Recommendations

- VI.R.3. If the supervisory board has a remuneration committee, principle II.Z.7 applies to its operations.

This standard is applied.

Company's comment: *Currently, the Company's Supervisory Board has no remuneration committee.*

Detailed principles

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

This standard is not applied.

Company's comment: *The Company does not rule out that this standard will be applied once an incentive scheme is established.*

Key features of the Company's internal audit and risk management systems adopted in connection with the preparation of separate and consolidated financial statements

The Company's Management Board is responsible for the internal control system at the Company and for its effectiveness in the process of preparing financial statements and periodic reports. The financial reporting process at PCF Group S.A. and its subsidiaries is supervised directly by the President of the Management Board.

Until the end of November 2020, the accounting books of both PCF Group S.A. and its subsidiaries had been kept by third party accounting offices, separately for each company, with dedicated persons responsible for keeping the accounting records of individual companies as their chief accountants. In connection with expansion and strengthening of the Company's in-house finance and accounting function undertaken in 2020 to end the cooperation with third party providers of accounting services and to transfer bookkeeping and financial reporting to the Company's internal structures within the remit of the Chief Accountant, as of December 1st 2020 the Company has been keeping its own accounting records. In the Management Board's opinion, this should enable the Company to adjust its internal finance and accounting function to meet the Company's needs if the scale of its operations continues to expand. The change did not affect the keeping of accounting records of PCF Group S.A.'s subsidiaries, which continue to be kept by third party accounting offices. Supervision of the third party providers of accounting services has been the responsibility of the Chief Financial Officer as part of the internal control system. The Chief Financial Officer is accountable to and reports directly to the President of the Management Board.

Both separate and consolidated financial statements are prepared by PCF Group S.A. The process involves the Management Board and the finance and accounting department. The financial data underlying the financial statements is sourced from the accounting records of PCF Group S.A., as well as from the systems of third party accounting offices keeping the accounts of subsidiaries.

The half-year separate and consolidated financial statements and full-year separate and consolidated financial statements are subject to, respectively, a review or audit by an independent auditor.

Pursuant to the Articles of Association of PCF Group S.A., the Supervisory Board appoints an audit firm to audit the financial statements; until April 20th 2020, i.e. the date of registration in the Business Register of the National Court Register of the respective amendments to the Articles of Association, that power had been vested in the General Meeting. Pursuant to Resolution No. 5 of the General Meeting of March 6th 2020, Grant Thornton Frąckowiak Spółka z ograniczoną odpowiedzialnością sp.k. was appointed as the audit firm authorised to audit the Company's statutory separate financial statements and the Group's statutory consolidated financial statements for the financial year 2020 prepared in accordance with IFRS/IAS.

The financial statements prepared by the Management Board and audited by the audit firm are submitted to the Supervisory Board for taking the actions provided for in the Commercial Companies Code, i.e. assessing their consistency with the underlying accounting records and documents, as well as with the findings of fact.

The Audit Committee controls and monitors the independence of the statutory auditor and the audit firm, assesses the independence of the statutory auditor, develops a policy for the selection of an audit firm to perform the audit, and determines the procedure for selecting an audit firm by a public-interest entity. The Audit Committee presents to the Supervisory Board its recommendation concerning the appointment of statutory auditors or audit firms pursuant to Art. 130.1.8 of the Act on Statutory Auditors, Audit Firms and Public Oversight of May 11th 2017 in conjunction with Article 16(2) of Regulation (EU) No 537/2014 of the European Parliament and of the Council of April 16th 2014 on specific requirements regarding statutory audit of public-interest entities and repealing Commission Decision 2005/909/EC.

The Supervisory Board and the Audit Committee monitor the financial reporting and financial auditing processes, including by analysing separate and consolidated financial statements prior to their approval by the General Meeting. With the admission of Company shares to trading on a regulated market, this process also includes an analysis of the Company's periodic reports prior to their publication. In performing the supervisory and control activities, the Supervisory Board and the Audit Committee rely on the materials provided by the Management Board or the Chief Financial Officer, or on the information and explanations provided directly by the audit firm and the statutory auditor. In addition, the Supervisory Board and the Audit Committee rely on documents and other sources of information provided directly to the Supervisory Board or the Audit Committee upon their request by the Company's employees or independent contractors designated by the Supervisory Board or the Audit Committee. In order to perform its tasks, the Audit Committee may meet with the Company's employees or independent contractors without the involvement of Management Board members. The key financial reporting processes subject to control include: (i) settlement of and accounting for contracts concluded by the Company or its subsidiaries, (ii) the remuneration scheme for the Company employees and independent contractors, (iii) consolidation of the Company's financial data, (iv) preparation of the Company's separate and consolidated financial statements, and (v) tax settlements taking into account the operations carried out in various jurisdictions and tax credits/reliefs applied by the Group companies.

The external auditor who audited the Group's full-year consolidated financial statements for the financial year ended December 31st 2020 and the Company's full-year separate financial statements for the financial year ended December 31st 2020 did not submit any comments on the operation of the internal control system.

Shareholders with major direct or indirect holdings of Company shares

The table below presents shareholders holding directly at least 5% of total voting rights in PCF Group S.A. as at December 31st 2020.* None of the listed shareholders held Company shares indirectly.

Shareholder	Number of Series A shares	(%)	Number of voting rights	(%)
Sebastian Wojciechowski	14,872,022	54.08	14,872,022	54.08
Bartosz Kmita	2,579,910	9.38	2,579,910	9.38
Bartosz Biełuszko	1,805,936	6.57	1,805,936	6.57
Krzysztof Dolaś	1,805,936	6.57	1,805,936	6.57
<i>jointly parties to the Qualifying Shareholders' Agreement**</i>	<i>21,063,804</i>	<i>76.60</i>	<i>21,063,804</i>	<i>76.60</i>
Other shareholders	6,436,196	23.40	6,436,196	23.40
<i>of which new shareholders</i>	<i>2,062,512</i>	<i>7.50</i>	<i>2,062,512</i>	<i>7.50</i>
Total	27,500,000	100	27,500,000	100

*Shareholding structure after the allotment of 2,062,512 Series A ordinary bearer shares offered to the public under the prospectus of PCF Group S.A. approved by the Polish Financial Supervision Authority on November 25th 2020.

**The shareholders Sebastian Wojciechowski, Bartosz Kmita, Bartosz Biełuszko and Krzysztof Dolaś are parties to an agreement of June 26th 2020, which, from the date of admission of at least one share in PCF Group S.A. to trading on a regulated market, constitutes an agreement referred to in Art. 87.1.5 of the Act on Public Offering, Conditions Governing the Introduction of Financial Instruments to Organised Trading, and Public Companies of July 29th 2005.

After December 31st 2020, there were changes in the holdings of Company shares related to the registration on January 18th 2021 of an increase in the Company's share capital by PLN 41,250.24 to PLN 591,250.24, through the issue of 2,062,512 Series B shares with a par value of PLN 0.02 per share as part of public subscription under the prospectus of PCF Group S.A. approved by the Polish Financial Supervision Authority on November 25th 2020.

The table below presents shareholders holding directly at least 5% of total voting rights in PCF Group S.A. as at the date of authorisation for issue of this Directors' Report on the operations of PCF Group S.A. and its Group in 2020. None of the listed shareholders held Company shares indirectly.

Shareholder	Number of shares held	(%)	Number of voting rights	(%)
Sebastian Wojciechowski	14,872,022	50.31	14,872,022	50.31
Bartosz Kmita	2,579,910	8.73	2,579,910	8.73
Bartosz Biełuszko	1,805,936	6.11	1,805,936	6.11
Krzysztof Dolaś	1,805,936	6.11	1,805,936	6.11
<i>jointly parties to the Qualifying Shareholders' Agreement*</i>	21,063,804	71.25	21,063,804	71.25
Other shareholders	8,498,708	28.75	8,498,708	28.75
Total	29,562,512	100	29,562,512	100

**The shareholders Sebastian Wojciechowski, Bartosz Kmita, Bartosz Biełuszko and Krzysztof Dolaś are parties to an agreement of June 26th 2020, which, from the date of admission of at least one share in PCF Group S.A. to trading on a regulated market, constitutes an agreement referred to in Art. 87.1.5 of the Act on Public Offering, Conditions Governing the Introduction of Financial Instruments to Organised Trading, and Public Companies of July 29th 2005.

Holders of any securities conferring special control powers, together with description of such powers

All PCF Group S.A. shares are ordinary bearer shares carrying no preference, and in particular conferring no special control powers.

Nevertheless, the Articles of Association confer special personal rights on the Company shareholders Sebastian Wojciechowski, Bartosz Kmita, Bartosz Biełuszko and Krzysztof Dolaś.

Pursuant to Art. 13.5 of the Company's Articles of Association, for as long as Sebastian Wojciechowski holds at least 25% of total voting rights in the Company, he will hold the special personal right to appoint and remove a member of the Company's Management Board acting as President of the Management Board. The said right will expire if Sebastian Wojciechowski ceases to be the Company's shareholder and his subsequent re-acquisition of Company shares will not reinstate that right. If Sebastian Wojciechowski's shareholding falls below the threshold of 25% of total voting rights in the Company, but he continuously remains the Company's shareholder, then upon his re-acquisition of Company shares and reaching the required threshold his special personal right will be reinstated.

In addition, the shareholders Sebastian Wojciechowski, Bartosz Kmita, Krzysztof Dolaś and Bartosz Biełuszko form the Group of Qualifying Shareholders who, from the date of admission of Company shares to trading on the regulated market (i.e. as of December 15th 2020), have special personal rights to appoint Supervisory Board members. Such rights are vested jointly with the shareholders forming the Group of Qualifying Shareholders and must be exercised jointly by all of them, with the proviso that a member of the Group of Qualifying Shareholders will forfeit such personal right if that member ceases to be the Company's shareholder and his subsequent re-acquisition of Company shares will not reinstate that right. However, in the event that one or more members of the Group of Qualifying Shareholders forfeit their personal rights, the rights of the remaining shareholders will continue in effect unchanged for as long as the Group of Qualifying Shareholders consists of one or more members holding jointly or individually the number of shares in the Company representing at least 40% of total voting rights.

The special personal rights will exist for as long as the Group of Qualifying Shareholders hold at least 40% of total voting rights in the Company. If the total number of voting rights in the Company held by the Group of Qualifying Shareholders falls below that threshold, the Group of Qualifying Shareholders cannot exercise their personal rights; such rights will be reinstated when the threshold is achieved again. Therefore, if the share held by any member of the Group of Qualifying Shareholders in the Company's share capital falls (although that member continues to be the Company's shareholder), as a result of which the overall share held by the Group of Qualifying Shareholders falls below 40% of total voting rights, the Group will forfeit its special personal right. However, the right will be subsequently reinstated if the share held by all members of the Group of Qualifying Shareholders (who have been the Company's shareholders continuously since the effective date of the said provisions of the Articles of Association) increases to at least 40% of total voting rights.

Pursuant to Art. 17.5 of the Articles of Association, if the General Meeting determines that the Supervisory Board is to consist of five members, which was the case as at December 31st 2020, the Group of Qualifying Shareholders will have the special personal right to appoint and remove three Supervisory Board members, including the Chairperson of the Supervisory Board to be appointed from among them.

Pursuant to Art. 17.6 of the Articles of Association, if the General Meeting determines that the Supervisory Board is to consist of six to seven members, the Group of Qualifying Shareholders will have the special personal right to appoint and remove four Supervisory Board members, including the Chairperson of the Supervisory Board to be appointed from among them.

Restrictions on the exercise of voting rights

Pursuant to the Articles of Association of PCF Group S.A., there are no restrictions on the exercise of voting rights, such as a voting cap applicable to holders of a given percentage or number of voting rights, time limits on the exercise of voting rights, or provisions under which equity rights attaching to securities are separated from the holding of such securities.

Restrictions on transferability of the Company's securities

Articles of Association

Pursuant to Art. 337 of the Commercial Companies Code, the Company's shareholders have the right to dispose of their shares. Such disposition of Company shares may include their sale (transfer of ownership) and other forms of disposition, including, in particular, through pledge, lease or establishment of usufruct over such shares. As at December 31st 2020, the Articles of Association did not provide for any restrictions on transferability of the Company's securities.

Lock-up Agreements

Notwithstanding the above provisions, as at the reporting date, each of the twenty-five shareholders of PCF Group S.A. who offered for sale, by way of a public offering, a total of 2,062,512 Series A ordinary bearer shares in the Company under PCF Group S.A.'s prospectus approved by the Polish Financial Supervision Authority on November 25th 2020, was a party to the agreement restricting their right to sell the remaining Series A shares in the Company held by a given selling shareholder, which were not covered by the public offering, concluded between the selling shareholder, the Company and the global coordinator, i.e. Trigon Dom Maklerski S.A. of Kraków (the "**Lock-up Agreements**"). Under the Lock-up Agreements, the selling shareholders submitted irrevocable instructions to the global coordinator to establish a lock-up on the remaining Series A shares in the Company that were not covered by the public offering, on the terms and conditions set out in the Lock-up Agreements, for a period starting from the date of execution of the Lock-up Agreements until the expiry of four calendar years from the date of the first listing of Company shares on the main market of the Warsaw Stock Exchange, i.e. from December 18th 2020.

During the lock-up period referred to above, the selling shareholders agreed, inter alia: (i) not to assume any obligations and make any disposals with respect to Series A shares, any rights conferred by Series A shares, or any rights to Series A shares; (ii) not to transfer Series A shares, whether for a consideration or free of charge; (iii) not to encumber or dispose of Series A shares in any other way that could lead to a change in the ownership of Series A shares, and in particular not to establish any pledge over Series A shares as security for liabilities assumed by the selling shareholders or by third parties.

The global coordinator will remove the lock-up referred to above in situations specified in the Lock-up Agreements, including in the event of: (i) expiry of the lock-up period; (ii) release of Series A shares from the lock-up, as agreed by the Company and the global coordinator; (iii) announcement, pursuant to a legal obligation, of a tender or exchange offer for all Company shares, or initiation by a shareholder or shareholders of a mandatory squeeze-out of Company shares; (iv) disposal or transfer of Series A shares

as a result of any reorganisation, bankruptcy or liquidation proceedings; (v) disposal of Series A shares under a court ruling or decision issued by a public administration authority.

In addition, as at the reporting date, the Series B shares in the Company subscribed for by investors in the employee offering, being part of the public offering of Company shares carried out pursuant to PCF Group S.A.'s prospectus approved by the Polish Financial Supervision Authority on November 25th 2020, were subject to a lock-up from the date of execution by investors in the employee offering of the lock-up agreements for Series B shares for a period of 12 months from the date of the first listing of rights to Series B shares on the regulated market of the Warsaw Stock Exchange, i.e. from December 18th 2020.

Legal regulations

Furthermore, pursuant to Art. 75.4 of the Act on Public Offering, Conditions Governing the Introduction of Financial Instruments to Organised Trading, and Public Companies of July 29th 2005, shares encumbered with a pledge cannot be traded until the pledge has been extinguished, unless such shares are acquired under an agreement establishing financial collateral within the meaning of the Act on Certain Financial Collateral Arrangements of April 2nd 2004.

Apart from the above restrictions on the transferability of ownership of the Company's securities, the Company's securities are otherwise freely transferable.

Rules governing the appointment and removal of members of the Management Board; powers of members of the Management Board, in particular the power to make decisions on the issuance or buy-back of shares

Members of the Management Board of PCF Group S.A. are appointed and removed from office in accordance with the provisions of the Commercial Companies Code and the Company's Articles of Association.

Under the Articles of Association, the Management Board is composed of one or more members, including President of the Management Board. The number of Management Board members is determined by the Supervisory Board. If the Management Board is composed of more than one member, it may include Vice Presidents or other Management Board members in addition to the President of the Management Board. The Management Board members are appointed for a joint term of three years. As at the reporting date and the date of authorisation for issue of this Directors' Report on the operations of PCF Group S.A. and its Group in 2020, the Management Board was composed of one member – the President of the Management Board. The mandate of the President of the Management Board will expire on or before the date of the General Meeting convened to approve the financial statements for the most recent full financial year in which the President held the office. The mandate of the President of the Management Board will also expire upon the President's death, resignation or removal from the Management Board. If the Management Board is composed of more members, the mandate of a new Management Board member appointed prior to the expiry of the Management Board's term of office will expire simultaneously with the mandates of the other Management Board members.

Pursuant to Art. 13.5 of the Company's Articles of Association, for as long as Sebastian Wojciechowski holds at least 25% of total voting rights in the Company, he will hold the special personal right to appoint and remove a member of the Company's Management Board acting as President of the Management Board. The said right will expire if Sebastian Wojciechowski ceases to be the Company's shareholder and his subsequent re-acquisition of Company shares will not reinstate that right. If Sebastian Wojciechowski's shareholding falls below the threshold of 25% of total voting rights in the Company, but he continuously remains the Company's shareholder, then upon his re-acquisition of Company shares and reaching the required threshold his special personal right will be reinstated.

The other Management Board members are appointed and removed from office by the Supervisory Board. The Supervisory Board may appoint one or more Management Board members to serve as a Vice President of the Management Board.

The Supervisory Board has the right to suspend from duties all or any members of the Management Board for valid reasons, and to delegate members of the Supervisory Board, for a period no longer than three months, to temporarily substitute for Management Board members who have been removed from office, have resigned or otherwise are unable to perform their duties. A Management Board member may also be suspended from duties or removed from office by way of a resolution of the General Meeting.

The Management Board represents the Company in relations with third parties and manages all the Company's affairs not reserved for the General Meeting or the Supervisory Board under the Commercial Companies Code and the Company's Articles of Association. If the Management Board has only one member, the Company is represented by the President of the Management Board; and if the Management Board has more than one member, the Company is represented by the President of the Management Board acting jointly with another Management Board member.

The Management Board of PCF Group S.A. has no power to independently decide on any issue of Company shares. Pursuant to applicable laws and the Company's Articles of Association, the issue of shares and increase of the Company's share capital require a resolution of the General Meeting to be effective.

The Management Board may only acquire Company shares subject to the rules set out in the Commercial Companies Code with regard to share buy-back.

Rules governing amendments to the Company's Articles of Association

The rules governing amendments to the Company's Articles of Association are set out in the Commercial Companies Code and in the Company's Articles of Association.

In accordance with Art. 430.1 of the Commercial Companies Code, any amendment to the Articles of Association requires a resolution of the General Meeting and registration in the relevant register.

Pursuant to Art. 402.2 of the Commercial Companies Code, the notice convening a General Meeting whose agenda provides for amendments to the Articles of Association should present the existing provisions of the Articles of Association and proposed amendments. Where the extent of the proposed amendments is considerable, the notice may include a draft of the new consolidated Articles of Association with a list of new or amended provisions.

Pursuant to Art. 402¹.1 of the Commercial Companies Code, a General Meeting is convened by way of a notice published on the Company's website and in the manner prescribed for the purposes of current disclosures pursuant to the Act on Public Offering, Conditions Governing the Introduction of Financial Instruments to Organised Trading, and Public Companies of July 29th 2005. The notice should be published at least twenty-six days prior to the date of the General Meeting (Art. 402¹.2 of the Commercial Companies Code).

Draft resolutions and documents which are to be considered at the General Meeting and which are relevant to the resolutions to be voted on must also be published in a current report.

Pursuant to Art. 12.1 of the Company's Articles of Association, resolutions of the General Meeting concerning, inter alia, amendments to the Articles of Association, require the presence of shareholders representing at least a half of the share capital.

Pursuant to Art. 415.1 and 415.3 of the Commercial Companies Code, a resolution to amend the Articles of Association is passed by a three-fourths (3/4) majority of votes; however, a resolution to amend the Articles of Association so that the shareholders' obligations are increased or personal rights vested in individual shareholders are limited requires approval of all the shareholders concerned.

The text of the Articles of Association is available on the Company's website:

peoplecanfly.com/wp-content/uploads/2021/01/statut-pcf-group-sa-1.pdf.

Operation and key powers of the General Meeting, shareholders' rights and the manner in which they are exercised

Operation of the General Meeting

In 2020, the Company's General Meeting was convened four times. The General Meetings of the Company are held in accordance with the rules set out in the Commercial Companies Code and the Articles of Association.

Pursuant to Art. 10.2 of the Company's Articles of Association, the General Meetings are held at the Company's registered office. For as long as the Company remains a public company, the General Meetings may also be held in the city where the company operating the regulated market on which the Company shares are traded has its registered office.

The text of the Articles of Association is available on the Company's website:

peoplecanfly.com/wp-content/uploads/2021/01/statut-pcf-group-sa-1.pdf.

The Company's Articles of Association do not provide for the adoption of rules of procedure for the Company's General Meetings, and no such rules of procedure were in place at the Company as at the reporting date and the date of authorisation for issue of this Directors' Report on the operations of PCF Group S.A. and its Group in 2020.

Key powers of the General Meeting

Under the Company's Articles of Association, the powers and responsibilities of the General Meeting include in particular: (i) review and approval of the Directors' Report on the Company's operations and the financial statements for the previous financial year, (ii) review and approval of the Directors' Report on the Group's operations and the Group's consolidated financial statements for the previous financial year, (iii) resolution on allocation of profit or set-off of loss, (iv) grant of liability discharge to members of the governing bodies, (v) increase or reduction of the Company's share capital, (vi) amendment of the Articles of Association, (vii) merger of the Company with another entity, demerger or transformation of the Company, (viii) dissolution of the Company, (ix) appointment and removal of Supervisory Board members from office in accordance with the rules set out in the Articles of Association, (x) removal or suspension from duties of individual or all members of the Management Board, (xi) defining the rules of remuneration of members of the Supervisory Board, (xii) appointment of liquidators, (xiii) decisions with respect to claims for redress of damage inflicted in the course of the Company's formation, its management or supervision, (xiv) sale or lease of, or creation of limited property rights in, the Company's business or an organised part thereof, (xv) acquisition or disposal of real property, perpetual usufruct rights or interest in real property, (xvi) issue of convertible bonds or bonds with pre-emptive rights and issue of subscription warrants, (xvii) other matters submitted to the General Meeting by the Management Board, as provided for in the Commercial Companies Code, other applicable laws or the Articles of Association.

Shareholders' rights and the manner in which they are exercised

The rights of shareholders and the manner in which they are exercised are provided for in the Commercial Companies Code, the Company's Articles of Association and in applicable laws governing the capital market. The Company's Articles of Association contain specific provisions relating to the appointment of members of the Supervisory Board, as discussed below.

The Company's Articles of Association do not provide for the adoption of rules of procedure for the Company's General Meetings, and no such rules of procedure were in place at the Company as at the reporting date and the date of authorisation for issue of this Directors' Report on the operations of PCF Group S.A. and its Group in 2020.

Right to appoint members of the Supervisory Board in accordance with the rules set out in the Company's Articles of Association

The Company has in place a procedure for the appointment of Supervisory Board members, as discussed in detail in the Company's Articles of Association. Under the said procedure, the shareholders Sebastian Wojciechowski, Bartosz Kmita, Krzysztof Dolaś and Bartosz Biełuszko form the Group of Qualifying Shareholders who, from the date of admission of the Company shares to trading on the regulated market, have special personal rights to appoint Supervisory Board members. Such rights are vested jointly with the shareholders forming the Group of Qualifying Shareholders and must be exercised jointly by all of them, with the proviso that a member of the Group of Qualifying Shareholders will forfeit such personal right if that member ceases to be the Company's shareholder and his subsequent re-acquisition of Company shares will not reinstate that right. However, in the event that one or more members of the Group of Qualifying Shareholders forfeit their personal rights, the rights of the remaining shareholders will continue in effect unchanged for as long as the Group of Qualifying Shareholders consists of one or more members holding jointly or individually the number of shares in the Company representing at least 40% of total voting rights.

The special personal rights will exist for as long as the Group of Qualifying Shareholders hold at least 40% of total voting rights in the Company. If the total number of voting rights in the Company held by the Group of Qualifying Shareholders falls below that threshold, the Group of Qualifying Shareholders cannot exercise their personal rights; such rights will be reinstated when the threshold is achieved again. Therefore, if the share held by any member of the Group of Qualifying Shareholders in the Company's share capital falls (although that member continues to be the Company's shareholder), as a result of which the overall share held by the Group of Qualifying Shareholders falls below 40% of total voting rights, the Group will forfeit its special personal right. However, the right will be subsequently reinstated if the share held by all members of the Group of Qualifying Shareholders (who have been the Company's shareholders continuously since the effective date of the said provisions of the Articles of Association) increases to at least 40% of total voting rights.

Pursuant to Art. 17.5 of the Articles of Association, if the General Meeting determines that the Supervisory Board shall consist of five members, this provision was effective as at the reporting date and the date of authorisation for issue of the Directors' Report on the operations of PCF Group S.A. and its Group in 2020, and the Group of Qualifying Shareholders shall have the special personal right to appoint and remove three Supervisory Board members, including the Chairperson of the Supervisory Board to be appointed from among them.

Pursuant to Art. 17.6 of the Articles of Association, if the General Meeting determines that the Supervisory Board is to consist of six to seven members, the Group of Qualifying Shareholders will have the special personal right to appoint and remove four Supervisory Board members, including the Chairperson of the Supervisory Board to be appointed from among them.

The other Supervisory Board members shall be appointed and removed by the General Meeting. If the Group of Qualifying Shareholders does not exercise their special personal rights within the time limits specified in the Articles of Association, the General Meeting shall appoint and remove Supervisory Board members, with the proviso that so appointed Supervisory Board members may be removed from office at any time by the Group of Qualifying Shareholders and replaced by other Supervisory Board members appointed by the Group of Qualifying Shareholders. If the personal rights referred to in Art. 17.5 – 17.6 of the Articles of Association expire, the General Meeting shall appoint and remove all Supervisory Board members. The General Meeting may also remove a Supervisory Board member appointed by virtue of the special personal right which has since expired. Detailed rules for the exercise of special personal rights to appoint or remove Supervisory Board members are provided for in the Articles of Association.

Operation of the Issuer's management and supervisory bodies and the Audit Committee, including composition of such bodies and any changes if their composition in 2020

Management Board

As at the reporting date and the date of authorisation for issue of the Directors' Report on the operations of PCF Group S.A. and its Group in 2020, the Management Board of PCF Group S.A. consisted of one member, Sebastian Kamil Wojciechowski, who was appointed President of the Management Board for a three-year term of office.

In the reporting period, there were no changes in the composition of the Company's Management Board.

The current term of office of the President of the Management Board started on November 6th 2019 and shall end on November 6th 2022. The mandate of the President of the Management Board will expire on or before the date of the General Meeting convened to approve the financial statements for the most recent full financial year in which the President held the office.

Under the Articles of Association, the Management Board is composed of one or more members, including President of the Management Board. The number of Management Board members is determined by the Supervisory Board. If the Management Board is composed of more than one member, it may include Vice Presidents or other Management Board members in addition to the President of the Management Board. The Management Board members are appointed for a joint term of three years.

Pursuant to Art. 13.5 of the Company's Articles of Association, for as long as Sebastian Wojciechowski holds at least 25% of total voting rights in the Company, he will hold the special personal right to appoint and remove a member of the Company's Management Board acting as President of the Management Board. The said right will expire if Sebastian Wojciechowski ceases to be the Company's shareholder and his subsequent re-acquisition of Company shares will not reinstate that right. If Sebastian Wojciechowski's shareholding falls below the threshold of 25% of total voting rights in the Company, but he continuously remains the Company's shareholder, then upon his re-acquisition of Company shares and reaching the required threshold his special personal right will be reinstated. The other Management Board members are appointed and removed from office by the Supervisory Board. The Supervisory Board may appoint one or more Management Board members to serve as a Vice President of the Management Board.

The Management Board represents the Company in relations with third parties and manages all the Company's affairs not reserved for the General Meeting or the Supervisory Board under the Commercial Companies Code and the Company's Articles of Association. If the Management Board has only one member, the Company is represented by the President of the Management Board; and if the Management Board has more than one member, the Company is represented by the President of the Management Board acting jointly with another Management Board member.

Rules governing the operation of the Management Board are set out in the Commercial Companies Code, the Articles of Association and the Rules of Procedure for the Management Board adopted by the Supervisory Board.

The time and venue of the Management Board meeting are specified by the President of the Management Board. The Management Board meetings may be held without being formally convened, provided that all members of the Management Board are present and none of them objects to the holding of a meeting and to including specific matters on its agenda. The Management Board meeting may also be attended via means of remote communication.

If the Management Board is composed of more than one member, the Management Board takes decisions by way of written resolutions. Subject to applicable laws, in the case of a Management Board composed of more than one member, a resolution of the Management Board is required for matters falling outside the ordinary course of business. If the Management Board is composed of more than one member, each member of the Management Board may request a prior resolution to be passed by the Management Board before any action is taken.

If the Management Board is composed of more than one member, resolutions of the Management Board are passed by a simple majority of votes, which means that abstaining votes are not taken into account in determining the results of a vote. If the votes cast in favour and against a resolution are tied, the President of the Management Board will have the casting vote.

The Management Board is deemed to have the capacity to pass resolutions if each of its members has been effectively notified of a meeting and at least half of the members of the Management Board are present at the meeting, with the proviso that resolutions may also be passed without holding a meeting. The Management Board may vote on and pass resolutions in the following manner: (i) by written ballot, with each member of the Management Board casting a vote in writing; a resolution passed in this manner is only valid if all Management Board members have been notified of the contents of the draft resolution. (ii) via means of remote communication (by telephone or otherwise, in a manner enabling communication among all members of the Management Board); a resolution passed in this manner is only valid if all Management Board members have been notified of the contents of the draft resolution. (iii) by voting in writing through another member of the Management Board; (iv) via a mixed system, combining the voting by members of the Management Board present at the meeting with any of the above methods used by members of the Management Board not present at the meeting.

A Management Board member should refrain from undertaking any professional or non-professional activities that could lead to a conflict of interest or otherwise adversely affect their reputation as a Management Board member. If a conflict of interest has arisen or may arise, a Management Board member should notify the other Management Board members thereof, and should refrain from taking part in any discussion and from voting on a resolution concerning the matter with respect to which a conflict of interest has arisen or may arise.

The Rules of Procedure for the Management Board and the Company's Articles of Association are available on the Company's website:

peoplecanfly.com/investors/#lad-korporacyjny.

Supervisory Board

As at the reporting date, the Company's Supervisory Board consisted of five members:

- Mikołaj Wojciechowski – Chairman of the Supervisory Board,
- Krzysztof Dolaś – Member of the Supervisory Board,
- Bartosz Biełuszko – Member of the Supervisory Board,
- Jacek Pogonowski – Member of the Supervisory Board,
- Aleksander Ferenc – Member of the Supervisory Board.

Among the Supervisory Board members, Jacek Pogonowski and Aleksander Ferenc satisfied the independence criteria within the meaning of the Act on Statutory Auditors, Audit Firms and Public Oversight of May 11th 2017, and the Best Practice for GPW Listed Companies 2016.

At the same time, in accordance with Art. 18.1 of the Company's Articles of Association, on January 14th 2021 the Group of Qualifying Shareholders made a statement to the Company to the effect that the Supervisory Board members Mikołaj Wojciechowski, Bartosz Biełuszko and Krzysztof Dolaś were appointed through the exercise of the special personal right vested with the Group of Qualifying Shareholders.

As at the date of authorisation for issue of this Directors' Report on the operations of PCF Group S.A. and its Group in 2020, the Company's Supervisory Board consisted of five members:

- Mikołaj Wojciechowski – Chairman of the Supervisory Board,
- Barbara Sobowska – Member of the Supervisory Board,
- Kuba Dudek – Member of the Supervisory Board,
- Jacek Pogonowski – Member of the Supervisory Board,
- Aleksander Ferenc – Member of the Supervisory Board.

Among the Supervisory Board members, Jacek Pogonowski and Aleksander Ferenc satisfied the independence criteria within the meaning of the Act on Statutory Auditors, Audit Firms and Public Oversight of May 11th 2017, and the Best Practice for GPW Listed Companies 2016.

In the reporting period and after the reporting date, the composition of the Company's Supervisory Board changed as discussed below.

On June 26th 2020, the Extraordinary General Meeting of the Company determined that the Company's Supervisory Board would be composed of five members, and appointed two new independent Supervisory Board members, Jacek Pogonowski and Barbara Sobowska, to the Supervisory Board previously consisting of three members appointed on November 6th 2019 (Mikołaj Wojciechowski, Krzysztof Dolaś and Bartosz Biełuszko).

Following Barbara Sobowska's resignation from the Supervisory Board submitted on November 5th 2020, with effect as of the date of appointment by the Company's General Meeting of a new member of the Supervisory Board, on November 16th 2020 the Extraordinary General Meeting appointed Aleksander Ferenc as a new member of the Supervisory Board.

In connection with Art. 387.2 of the Commercial Companies Code, which prohibits cumulation of positions held in a joint-stock company (whereunder a Supervisory Board member may not at the same time report directly to a Management Board member), and in connection with doubts raised by the Polish Financial Supervision Authority as to whether the Company was in breach of the above prohibition given that two members of its Supervisory Board, Krzysztof Dolaś and Bartosz Biełuszko, held game development functions as Technical Art Director and Art Director, respectively (the "**Directors**"), under the contracts for the provision of services and transfer of intellectual property rights signed by the Directors as sole traders with the Company, the Directors agreed to resign from the Supervisory Board, and the four major Company shareholders forming the Group of Qualifying Shareholders undertook to procure the appointment of two new Supervisory Board members to replace the resigning members, within 60 days from the date of introduction of Series B shares in the Company to trading on the regulated market of the Warsaw Stock Exchange, i.e. by April 4th 2021.

Accordingly, on April 1st 2021 two members of the Supervisory Board, Krzysztof Dolaś and Bartosz Biełuszko, resigned from the Supervisory Board, and on the same date the Group of Qualifying Shareholders exercised their special personal right to appoint and remove Supervisory Board members and appointed Barbara Sobowska as member of the Supervisory Board of PCF Group S.A. with effect from April 1st 2021, and Kuba Dudek as member of the Supervisory Board of PCF Group S.A. with effect from April 1st 2021.

Supervisory Board members are appointed for a joint three-year term of office. The current term of office of the Supervisory Board commenced on November 6th 2019 and ends on November 6th 2022. The mandates of all Supervisory Board members holding the office as at December 31st 2020 will expire on or before the date of the General Meeting convened to approve the financial statements for the most recent full financial year in which the Supervisory Board member held the office.

The procedure for appointment of Supervisory Board members is described above in '*Right to appoint members of the Supervisory Board in accordance with the rules set out in the Company's Articles of Association*'. In addition, pursuant to Art. 23 of the Company's Articles of Association, members of the Supervisory Board have the right to temporarily appoint a new Supervisory Board member by co-optation if the number of Supervisory Board members falls below the required level.

The Supervisory Board exercises ongoing supervision over the Company's business in each area of its activity.

The scope of powers of the Supervisory Board is specified in the Commercial Companies Code and the Company's Articles of Association. Powers of the Supervisory Board include assessment of the Directors' Report on the Company's operations and the financial statements for the previous financial year, and assessment of the Directors' Report on the Group's operations and the Group's consolidated financial statements for the previous financial year, in terms of their consistency with the accounting books,

underlying documents and facts, as well as assessment of the Management Board's proposals concerning distribution of profit or offset of losses and submission to the General Meeting of annual written reports on the results of such assessment.

Members of the Supervisory Board perform their supervisory duties collectively. The Supervisory Board may delegate one of its members to individually perform specific supervisory duties. A Supervisory Board member so delegated must report to the Supervisory Board in writing on the performance of their individual supervisory duties.

Rules governing the operation of the Supervisory Board are set out in the Commercial Companies Code, the Articles of Association and the Rules of Procedure for the Supervisory Board adopted by the General Meeting.

Supervisory Board meetings are held on an as-needed basis, at least four times in a financial year, at a time and venue specified in the respective notice of a Supervisory Board meeting. Supervisory Board meetings may also be attended, without the right to vote, by President of the Management Board, experts, or other persons whose presence is required to take decisions on a given matter. The President of the Management Board is obliged attend Supervisory Board meetings whenever the Supervisory Board so requests.

In 2020, the Supervisory Board held three meetings and passed resolutions without convening a meeting. As part of its meetings and resolutions, the Supervisory Board dealt, in particular, with the following business: review of financial statements and distribution of profit, appointment of the Audit Committee and adoption of its Rules of Procedure, as well as adoption of the Rules of Procedure for the Management Board.

Supervisory Board resolutions are passed with an absolute majority of votes. In the event of a voting tie, the Chairperson of the Supervisory Board will have the casting vote. Resolutions of the Supervisory Board will be valid if all the Supervisory Board members have been invited to the meeting and at least half of them are present at the meeting, subject to the possibility of passing resolutions also without holding a meeting, as described below. Supervisory Board members may also participate in passing resolutions by casting their votes in writing through another member of the Supervisory Board. Matters placed on the agenda during a meeting of the Supervisory Board may not be voted on in writing. Supervisory Board resolutions may be voted on by written ballot or via means of remote communication (by telephone or otherwise, in a manner enabling communication among all members of the Supervisory Board). A resolution so passed will only be valid if all Supervisory Board members have been notified of the contents of the draft resolution and at least half of the Supervisory Board members participated in voting on the resolution.

A Supervisory Board member should refrain from undertaking any professional or non-professional activities which could lead to a conflict of interest or otherwise adversely affect their reputation as a Supervisory Board member. A Supervisory Board member must inform the Supervisory Board of any conflict of interest which has arisen or may arise between the Company and that Supervisory Board member. A Supervisory Board member should refrain from taking part in any discussion and from voting on a resolution concerning the matter with respect to which a conflict of interest has arisen or may arise.

The Rules of Procedure for the Supervisory Board and the Company's Articles of Association are available on the Company's website:

peoplecanfly.com/investors/#lad-korporacyjny.

Audit Committee

On June 26th 2020, the Company's Supervisory Board passed a resolution to appoint the Audit Committee of the Supervisory Board, as well as a resolution to appoint the Chairperson and members of the Audit Committee of the Supervisory Board. The Audit Committee consists of at least three members appointed by the Supervisory Board from among its members for the term of office of the Supervisory Board.

As at June 26th 2020, the Audit Committee consisted of: Jacek Pogonowski as Chairman of the Audit Committee, and Barbara Sobowska and Mikołaj Wojciechowski as members of the Audit Committee.

Following the changes in the composition of the Supervisory Board described above, as at the reporting date and the date of authorisation for issue of this Directors' Report on the operations of PCF Group S.A. and its Group in 2020 the Audit Committee was composed of:

- Jacek Pogonowski – Chairman of the Audit Committee,
- Aleksander Ferenc – Member of the Audit Committee,
- Mikołaj Wojciechowski – Member of the Audit Committee.

Among the Audit Committee members, as at December 31st 2020 Mikołaj Wojciechowski satisfied the criteria of possessing the knowledge and skills relevant to the industry in which the Company operates, as set out in Art. 129.5 of the Act on Statutory Auditors, Audit Firms and Public Oversight of May 11th 2017, and Aleksander Ferenc satisfied the criteria of possessing the knowledge and skills in accounting or financial auditing set out in Art. 129.1 thereof. Jacek Pogonowski and Aleksander Ferenc are the Supervisory Board members satisfying the independence criteria within the meaning of the Act on Statutory Auditors, Audit Firms and Public Oversight of May 11th 2017, and the Best Practice for GPW Listed Companies 2016.

Since 2008, **Jacek Pogonowski** has been involved with V4C Eastern Europe fund (formerly: Baring Central European Fund), and since 2018 also with V4C Poland Plus fund, as a partner and director. From 1997, he was a Management Board member for M&A at Erste Investments. From 1995, he worked at the Bank Austria Group branch in Poland – IB Austria Financial Advisor. He began his professional career at Arthur Andersen in Warsaw in 1991. Jacek Pogonowski graduated from St. John's University of New York in 1991 with a bachelor's degree in finance. In 2012, he completed the IESE Advanced Management Program course at the University of Navarra, and later the 'Become a Positive Leader to Accelerate Positive Change' course at the same university in 2017.

In 2016–2020, **Aleksander Ferenc** worked for Bank Gospodarstwa Krajowego, initially as an Investment Manager at the investment fund management company Towarzystwo Funduszy Inwestycyjnych BGK S.A., and then as Head of Investment and M&A. In 2013–2015, he was M&A Director at Żabka Polska sp. z o.o. In 2013, he worked as Head of the Privatisation Department at PKP S.A., and in 2012–2013 as an adviser at Krajowy Fundusz Kapitałowy S.A. In 2009–2012, he was M&A Director at PZU S.A. From 2007 to 2009, he was Deputy Director for Central and Eastern Europe (CEE) and South-Eastern Europe (SEE) at Intermediate Group PLC of London. In 1999–2007, he worked for Societe Generale Asset Management Alternative Investments Private Equity (formerly Baring Corilius Private Equity and Baring Private Equity Partners). From 1998 to 1999, he worked at IB Financial Advisors and Erste Investments. He began his professional career at Arthur Andersen, where he worked in 1995–1997. He graduated from the Faculty of Mechanics at the Warsaw University of Technology in 1991, and holds a PhD degree earned there in 1996. In 2006, he received an MBA from Manchester Business School (The University of Manchester). He also graduated from the Catholic University of Leuven (Katholieke Universiteit Leuven) in Belgium.

Mikołaj Wojciechowski is an attorney-at-law, running his own law practice in Warsaw since 2010. From August 17th 2017 he was a member of the Supervisory Board and from November 28th 2017 – Chairman of the Supervisory Board of the Company's legal predecessor, i.e. PCF Group sp. z o.o. Since the date of the Company's registration in the Business Register of the National Court Register, i.e. since November 6th 2019, Mikołaj Wojciechowski has served as Chairman of the Company's Supervisory Board. In 2006–2010, he completed legal training as a trainee attorney-at-law at Igor Magiera's law firm in Warsaw. In 2003, he graduated from the Faculty of Law of the European School of Law and Administration in Warsaw.

Rules governing the operation of the Audit Committee

The rules of operation of the Audit Committee are set out in the Act on Statutory Auditors, Audit Firms and Public Oversight of May 11th 2017, the Company's Articles of Association, and the Rules of Procedure for the Audit Committee adopted by the Supervisory Board.

The Audit Committee is responsible for, in particular: (i) monitoring of the financial reporting process, effectiveness of the internal control and risk management systems and the internal audit function, including with regard to financial reporting and financial audits; (ii) controlling and monitoring of the

independence of the auditor and audit firm; (iii) informing the Supervisory Board of the audit findings and explaining how the audit contributed to reliability of the Company's financial reporting and what role the Audit Committee played in the audit; (iv) assessing the auditor's independence and approving the provision of permitted non-audit services by the auditor; (v) developing a policy for selection of an audit firm to perform audits; (vi) determining the procedure for selecting an audit firm by a public-interest entity; (vii) submitting recommendations to ensure reliability of the financial reporting process at the Company.

In order to perform its duties, the Audit Committee may, without the Supervisory Board's intermediation, request: (i) explanations, information and documents necessary for the performance of the Audit Committee's tasks, to be provided by the Company; (ii) work schedules of internal auditors, statutory auditors or audit firms, to be provided by the Company; and (iii) review of the Company's full-year and interim financial statements in due time. The Audit Committee may, within its remit, present recommendations and assessments to the Supervisory Board; recommendations and assessments presented to the Supervisory Board must be notified to the President of the Company's Management Board.

The Audit Committee may request that the auditor or audit firm discuss with the Audit Committee, the Company's Management Board or the Supervisory Board the key matters and findings of the audit which have been mentioned in the additional report to the Audit Committee referred to in Article 11 of Regulation (EU) No 537/2014 of the European Parliament and of the Council of April 16th 2014.

Audit Committee meetings are held on an as-needed basis, at least four times a year, on dates set by the Chairperson of the Audit Committee. Meetings of the Audit Committee are convened by its Chairperson, who invites the Audit Committee members to attend the meeting and notifies all other Supervisory Board members of the meeting. Other members of the Supervisory Board may also attend meetings of the Audit Committee. The Chairperson of the Audit Committee or another member of the Audit Committee designated by the Chairperson may decide to invite persons other than members of the Audit Committee to a meeting, in particular members of the Company's Management Board, statutory auditor or representatives of the Company's audit firm, as well as other employees or independent contractors of the Company, to attend the meeting. The Audit Committee must notify the Company's Management Board of any planned meetings with the Company's employees or independent contractors, and the Company's Management Board may not oppose any such meetings.

Opinions and recommendations of the Audit Committee are adopted by way of resolutions. Resolutions of the Audit Committee are passed by an absolute majority of votes cast. In the event of a voting tie, the Chairperson of the Audit Committee will have the casting vote.

The Audit Committee submits to the Supervisory Board: (i) resolutions passed and other documents prepared as a result of the Audit Committee's work in good time for the Supervisory Board to take appropriate action; and (ii) a written report on its activities in a given financial year. Furthermore, the Audit Committee must keep the Supervisory Board informed of its activities and outcomes of its work on an ongoing basis. The Audit Committee's tasks also include participation in meetings of the Supervisory Board, Management Board and General Meetings of the Company, on invitation from the relevant bodies, in order to provide detailed explanations on the Audit Committee's activities.

The Rules of Procedure for the Audit Committee and the Company's Articles of Association are available on the Company's website: peoplecanfly.com/investors/#lad-korporacyjny.

Permitted non-audit services

In the financial year 2020, no permitted services other than audits and reviews were provided to the Company by Grant Thornton Frackowiak Sp. z o.o. sp.k. Therefore, and to the extent related to the provision of such services, there was no need to assess the independence of the audit firm and to approve the provision of permitted non-audit services by the audit firm.

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

The main objectives of the "Policy and procedure for selection of the audit firm to audit statutory financial statements of PCF Group S.A. and PCF Group S.A. Group and the policy for provision of permitted non-

audit services by the audit firm, its affiliates and members of the audit firm's network" adopted by the Audit Committee and approved by the Supervisory Board ("Policy") are to ensure that the Company and the Group comply with the applicable legal regulations, including with respect to:

- independence of the audit firm and of the lead auditor;
- the application of transparent and non-discriminatory assessment criteria in the selection of the audit firm during the bidding process,
- the principles of proper rotation of audit firms and lead auditors, including grace periods.

The fundamental purpose of the Policy is to analyse the compliance of the additional services with legal regulations as well as to assess the threats to and safeguards of the independence of the audit firm and the lead auditor. The policy allows for the provision of permitted services, to the extent not related to the Company's tax policy, following an analysis of the audit firm's independence and subject to a prior consent.

On March 6th 2020, the Extraordinary General Meeting of the Company passed a resolution to appoint a qualified auditor to audit financial statements of PCF Group S.A. and consolidated financial statements of the Group and to review interim financial statements of PCF Group S.A. and interim consolidated financial statements of the Group. By the same resolution, the Extraordinary General Meeting appointed Grant Thornton Frąckowiak Spółka z ograniczoną odpowiedzialnością Spółka komandytowa as the audit firm authorised to audit the separate financial statements of the Company and the consolidated financial statements of the Group for the periods January 1st–December 31st 2019 and January 1st 2020–December 31st 2020, as well as to review the separate interim financial statements of the Company and the interim consolidated financial statements of the Group for the period January 1st–June 30th 2020. The Extraordinary General Meeting also passed a resolution to amend the Company's Articles of Association, with the amendment designating the Supervisory Board as the body responsible for appointment of the auditor to audit financial statements of the Company and consolidated financial statements of the Group.

At the time of appointment of the auditor, the Company was not subject to the provisions of the Statutory Auditors Act, Audit Firms and Public Oversight of May 11th 2017 and therefore was not legally required to develop and maintain a policy governing (i) selection and appointment an audit firm to audit its financial statements; and (ii) provision by the audit firm, its affiliates and members of the audit firm's network of permitted non-audit services; and to define the procedure for selecting an audit firm by an entity of public interest.

Consequently, the selection of the auditor was not carried out taking into account the policy for selecting the audit firm, including the Audit Committee's recommendation in this regard, as at the time of selecting the audit firm, the Company was not obliged to have an Audit Committee and no such Committee had been established.

In the financial year 2020, no permitted services other than audits and reviews of financial statements were provided to the Company by Grant Thornton Frąckowiak Spółka z ograniczoną odpowiedzialnością Spółka komandytowa. Therefore, and to the extent related to the provision of such services, there was no need to assess the independence of the audit firm and to approve the provision of permitted non-audit services by the audit firm.

Number of Audit Committee meetings

The Audit Committee was appointed by way of a resolution of the Company's Supervisory Board on June 26th 2020. On the same day, the Company's Supervisory Board passed resolutions to appoint the Chairperson and members of the Audit Committee of the Supervisory Board. All resolutions became effective as of their dates. In 2020, the Audit Committee held one meeting, during which the Committee reviewed a final presentation on the audit of the Company's separate financial statements for the period January 1st–December 31st 2019 and the consolidated financial statements of the Group in which the Company is the parent for the period January 1st–December 31st 2019, delivered by the Company's statutory auditor, and members of the Audit Committee asked a number of questions to the auditor's representatives concerning the financial statements and their audit.