

# CORPORATE GOVERNANCE STATEMENT OF PCF GROUP S.A. FOR 2021

## Introduction

The parent is required to report on its compliance with the corporate governance principles as defined in the Best Practice for GPW Listed Companies 2021, introduced by Resolution No. 13/1834/2021 of the WSE Supervisory Board of March 29th 2021, with effect from July 1st 2021.

The content of the Best Practice for GPW Listed Companies 2021 is publicly available on the website of the Warsaw Stock Exchange at:

[https://www.gpw.pl/pub/GPW/pdf/DPSN\\_2021.pdf](https://www.gpw.pl/pub/GPW/pdf/DPSN_2021.pdf)

and at the registered office of the Warsaw Stock Exchange.

In fulfilling the disclosure requirements regarding the application of the Best Practice, 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. 1/2021 (EBI) of July 30th 2021, the Company reported on the scope of application of the Best Practice for GPW Listed Companies 2021, identifying certain specific corporate governance principles that it did not comply with on a permanent basis. On April 13th 2022, in Current Report No. 1/2022 (EIB), the parent updated its statement of compliance with the Best Practice for GPW Listed Companies 2021. All information arising from the corporate governance principles followed by the parent is published on the parent's website at:

<https://peoplecanfly.com/wp-content/uploads/2022/04/20220413-gpw-dobre-praktyki-pcfgroup.pdf>

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

With respect to the Best Practice for GPW Listed Companies 2021, the Company undertook to follow all the provisions of that code of corporate governance, except for those listed below. As at the date of this Report, the Company did not comply with 20 principles of the Best Practice for GPW Listed Companies 2021.

	Commentary
<b>1. DISCLOSURE POLICY AND INVESTOR COMMUNICATIONS</b>	
<b>1.2.</b>	<b>Companies make available their financial results compiled in periodic reports as soon as possible after the end of each reporting period; should that not be feasible for substantial reasons, companies publish at least preliminary financial estimates as soon as possible.</b>
	This principle is not complied with. The Company set the earliest possible release dates for periodic reports in 2021. The Company will seek to publish its periodic reports as soon as possible after the end of each reporting period, subject to the requirement to fully cover the gradually increasing scope of obligatory disclosures to be made in each such report under applicable laws and regulations and to have financial data audited or reviewed, as appropriate, by a qualified auditor prior to publication, as well as subject to the nature and complexity of the Group's business. The Company communicates any significant events with an actual or potential bearing on its financial performance to the market as provided for in the

		<b>Commentary</b>
		Market Abuse Regulation and in accordance with applicable Polish laws and regulations.
<b>1.3.</b>	<b>Companies integrate ESG factors in their business strategy, including in particular:</b>	
<b>1.3.1.</b>	<b>environmental factors, including measures and risks relating to climate change and sustainable development;</b>	<p>This principle is not complied with.</p> <p>The Company's strategy does not address ESG issues, including environmental or sustainable development issues.</p> <p>As a developer of AAA video games, the Company does not run operations which would have a material environmental footprint. However, in its day-to-day operations, the Company takes various measures and initiatives in the area of sustainable development to reduce its negative environmental impacts, such as the implementation of electronic document workflow across the Company and its Group or leasing space for the Company's registered office in an office complex which is platinum certified under the worldwide LEED (Leadership in Energy and Environmental Design) green building certification program.</p> <p>The Company has not ruled out revising its business strategy in the future to include ESG aspects.</p>
<b>1.3.2.</b>	<b>social and employee factors, including among others actions taken and planned to ensure equal treatment of women and men, decent working conditions, respect for employees' rights, dialogue with local communities, customer relations.</b>	<p>This principle is not complied with.</p> <p>The Company's strategy does not address ESG issues. Nevertheless, the key asset of the Group's business is its global and multicultural team, committed to creating world-class video games. Thus, such human factors as, in particular, employee engagement and satisfaction have, in the Management Board's opinion, an impact on the Company's performance, and any negligence in this area may lead to reduced or inconsistent productivity, weakening the Company's competitive position. In view of the above, the Company offers its employees competitive employment terms, including a range of perquisites.</p> <p>Given the international character of the Company's and its Group's workforce, the Company is committed to promoting a sound diversity and inclusion policy, which the Company believes helps attract new talent as well as stimulate innovation within the organisation by bringing together different ways of thinking and different approaches to problem solving.</p> <p>The Company has been continuously and rapidly expanding its team and offers equal hiring and promotion opportunities as well as equal</p>

		<b>Commentary</b>
		<p>employment terms to all candidates and existing personnel irrespective of their gender. In particular, gender is not a criterion affecting the amount of remuneration paid to men and women holding the same positions.</p> <p>The Company has not ruled out revising its business strategy in the future to include ESG aspects.</p>
<b>1.4.</b>	<b>To ensure quality communications with stakeholders, as a part of the business strategy, companies publish on their website information concerning the framework of the strategy, measurable goals, including in particular long-term goals, planned activities and their status, defined by measures, both financial and non-financial. ESG information concerning the strategy should among others:</b>	<p>This principle is not complied with.</p> <p>The Company publishes on its website information on the Company's business strategy and objectives, including in particular long-term objectives and planned activities.</p> <p>Subject to the disclosure obligations applicable to the Company, the Company does not publish on its website any information on progress made in delivering the strategy.</p> <p>As at the date of this statement of compliance with the Best Practice for GPW Listed Companies 2021 ("Best Practice 2021"), the Company does not publish all metrics listed in this principle, including ESG information concerning the strategy.</p>
<b>1.4.1.</b>	<b>explain how the decision-making processes of the company and its group members integrate climate change, including the resulting risks;</b>	<p>This principle is not complied with.</p> <p>As explained under principle 1.3., the Company's current business strategy does not address ESG aspects. It must be stressed that the Company, as a developer of AAA video games, does not run operations which would have a material environmental footprint. The Management Board of the Company as well as the management bodies of the Group's subsidiaries are, however, committed to ensuring that environmental protection solutions are applied across the Group's administrative functions.</p>
<b>1.4.2.</b>	<b>present the equal pay index for employees, defined as the percentage difference between the average monthly pay (including bonuses, awards and other benefits) of women and men in the last year, and present information about actions taken to eliminate any pay gaps, including a presentation of related risks and the time horizon of the equality target.</b>	<p>This principle is not complied with.</p> <p>The differences in remuneration at the Company and the Group's subsidiaries are attributable to the nature and type of positions held and the overall pay volatility in the video game development industry. Given that one gender represents the vast majority of all employees in the industry in which the Company and its Group operate, presentation of a general equal pay index for the entire Group in accordance with this principle would be unreliable and misleading.</p> <p>At the same time, as explained under principle 1.3.2, the Company observes the principle of equal pay for women and men employed in comparable positions and gender does not affect the terms of employment at the Company.</p>

		Commentary
<b>2 MANAGEMENT BOARD, SUPERVISORY BOARD</b>		
<b>2.1.</b>	<b>Companies should have in place a diversity policy applicable to the management board and the supervisory board, approved by the supervisory board and the general meeting, respectively. The diversity policy defines diversity goals and criteria, among others including gender, education, expertise, age, professional experience, and specifies the target dates and the monitoring systems for such goals. With regard to gender diversity of corporate bodies, the participation of the minority group in each body should be at least 30%.</b>	<p>This principle is not complied with.</p> <p>While fully committed to the principles of diversity, the Company does not have in place a formal diversity policy applicable to the Management or Supervisory Board, approved by the Supervisory Board or the General Meeting, as appropriate.</p> <p>The Company does not ensure gender diversity on its Management or Supervisory Board at the level required under this principle.</p> <p>Members of the Company's governing bodies are appointed based on their qualifications and professional experience and regardless of their age, gender or other diversity criteria. When selecting candidates for supervisory and management positions, the authorised bodies or entities 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 business, its size and the need to appoint to governing bodies persons 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 Management and Supervisory Boards 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.</p>
<b>2.2.</b>	<b>Decisions to elect members of the management board or the supervisory board of companies should ensure that the composition of those bodies is diverse by appointing persons ensuring diversity, among others in order to achieve the target minimum participation of the minority group of at least 30% according to the goals of the established diversity policy referred to in principle 2.1.</b>	<p>This principle is not complied with.</p> <p>Members of the Company's governing bodies are appointed based on their qualifications and professional experience and regardless of their age, gender or other diversity criteria, subject to relevant laws and regulations. When selecting candidates for supervisory and management positions, the authorised bodies or entities are guided by the interests of the Company and its shareholders, taking into account the relevant qualifications, skills and experience of the</p>

		<b>Commentary</b>
		<p>candidates. Given the nature of the Company's business, its size and the need to appoint to governing bodies persons 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 Management and Supervisory Boards 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.</p>
<b>2.7.</b>	<b>A company's management board members may sit on corporate bodies of companies other than members of its group subject to the approval of the supervisory board.</b>	<p>This principle is not complied with.</p> <p>Neither the Articles of Association nor other internal regulations in place at the Company require that members of its Management Board secure the Supervisory Board's approval for serving on the governing bodies of entities other than Group entities.</p> <p>The Company has not ruled out amending its non-compete policies so as to require members of its Management Board to secure prior approval of the Supervisory Board for sitting on management or supervisory boards of non-Group companies competing with the Company.</p>
<b>2.11.</b>	<b>In addition to its responsibilities laid down in the legislation, the supervisory board prepares and presents an annual report to the annual general meeting once per year. Such report includes at least the following:</b>	
<b>2.11.3.</b>	<b>assessment of the company's standing on a consolidated basis, including assessment of the internal control, risk management and compliance systems and the internal audit function, and information about measures taken by the supervisory board to perform such assessment; such assessment should cover all</b>	<p>This principle is not complied with.</p> <p>In the 'Report of the Supervisory Board and its Audit Committee on Their Activities in 2020, Including the Assessments Referred to in Principle II.Z.10 of the Best Practice for GPW Listed Companies 2016', as prepared by the Company's Supervisory Board and presented to the General Meeting, the Supervisory Board included assessment of the Company's standing and the systems referred to in this principle.</p>

		<b>Commentary</b>
	<b>significant controls, in particular reporting and operational controls;</b>	<p>However, the Supervisory Board's assessment was not based on formal reports prepared as part of the Company's internal control, risk management or compliance systems. For the purposes of the Supervisory Board's assessment, neither the Management Board nor risk or compliance managers prepared any reports on the effectiveness of those functions as the Company has not established the positions of Chief Compliance Officer or Chief Risk Officer.</p> <p>The Report of the Supervisory Board does not contain an assessment of the internal audit function as the Company has not established a separate organisational unit dedicated to performing such function.</p> <p>The Report of the Supervisory Board does not include information on the measures taken by the Supervisory Board to assess the Company's standing, including the systems referred to in this principle, as no such disclosure is required under the Best Practice for GPW Listed Companies 2016 ("<b>Best Practice 2016</b>"). Such disclosures will be made starting with the Report of the Supervisory Board and its Audit Committee on Their Activities in 2021.</p>
<b>2.11.6.</b>	<b>information regarding the degree of implementation of the diversity policy applicable to the management board and the supervisory board, including the achievement of goals referred to in principle 2.1.</b>	<p>This principle is not complied with.</p> <p>As principle 2.1. is not applied and the Company does not have in place a formal diversity policy applicable to the Management or Supervisory Board, approved by the Supervisory Board or the General Meeting, as appropriate, the annual Report of the Supervisory Board will not address the above matters.</p>
<b>3. INTERNAL SYSTEMS AND FUNCTIONS</b>		
<b>3.3.</b>	<b>Companies participating in the WIG20, mWIG40 or sWIG80 index appoint an internal auditor to head the internal audit function in compliance with generally accepted international standards for the professional practice of internal auditing. In other companies which do not appoint an internal auditor who meets such requirements, the audit committee (or the supervisory board if it performs the functions of the audit committee) assesses on an annual basis whether such person should be appointed.</b>	<p>This principle is not complied with.</p> <p>Given the nature of the Company's business, as at the date of this statement of compliance with the Best Practice 2021, the Company did not appoint an internal auditor to manage the internal audit function. As the Company's business model evolves and based on, among other things: (i) opinions of the Audit Committee; (ii) findings of the auditor; and (iii) findings, information and assessments obtained from third parties, including market regulators, the Company will consider appointment in the future of an internal auditor to manage the internal audit function.</p> <p>Until such time as such internal auditor is appointed by the Company to manage the internal audit</p>

		<b>Commentary</b>
		function, the Audit Committee, as part of its internal audit monitoring activities, will at least once a year assess whether the Company's situation warrants the establishment of an internal audit unit and submit such assessment to the Supervisory Board.
<b>3.4.</b>	<b>The remuneration of persons responsible for risk and compliance management and of the head of internal audit should depend on the performance of delegated tasks rather than short-term results of the company.</b>	This principle is not complied with. The Company has not appointed a Chief Compliance Officer or Chief Risk Officer. Also, the Company has not established a separate organisational unit to formally perform the internal audit function.
<b>3.5.</b>	<b>Persons responsible for risk and compliance management report directly to the president or other member of the management board.</b>	This principle is not complied with. The Company has not appointed a Chief Compliance Officer or Chief Risk Officer. Also, the Company has not established a separate organisational unit to formally perform the internal audit function.
<b>3.6.</b>	<b>The head of internal audit reports organisationally to the president of the management board and functionally to the chair of the audit committee or the chair of the supervisory board if the supervisory board performs the functions of the audit committee.</b>	This principle is not complied with. Given the nature of the Company's business, as at the date of this statement of compliance with the Best Practice 2021, the Company did not establish a separate organisational unit to formally perform the internal audit function. As the Company's business model evolves and based on, among other things: (i) opinions of the Audit Committee; (ii) findings of the auditor; and (iii) findings, information and assessments obtained from third parties, including market regulators, the Company will consider establishment in the future of a separate unit to perform the internal audit function.
<b>3.8.</b>	<b>The person responsible for internal audit or the management board if such function is not performed separately in the company reports to the supervisory board at least once per year with their assessment of the efficiency of the systems and functions referred to in principle 3.1 and tables a relevant report.</b>	This principle is not complied with. The Company's Management Board does not prepare such report as is referred to in this principle.
<b>3.9.</b>	<b>The supervisory board monitors the efficiency of the systems and functions referred to in principle 3.1 among others on the basis of reports provided periodically by the persons responsible for the functions and the company's management board, and makes annual assessment of the efficiency of such systems and functions according to principle</b>	This principle is not complied with. The Supervisory Board monitors and assesses the effectiveness of internal control, risk management and compliance systems and functions. Such monitoring and assessment are not, however, based on periodic reports provided to the Supervisory Board directly by persons responsible for such systems and functions, as the Company, in view of its size of the nature of its business, has not

		<b>Commentary</b>
	<b>2.11.3. Where the company has an audit committee, the audit committee monitors the efficiency of the systems and functions referred to in principle 3.1, which however does not release the supervisory board from the annual assessment of the efficiency of such systems and functions.</b>	appointed such persons (officers). The Management Board does not prepare such periodic report either. Also, the Company has not established a separate organisational unit to formally perform the internal audit function.
<b>4. GENERAL MEETING, SHAREHOLDER RELATIONS</b>		
<b>4.1.</b>	<b>Companies should enable their shareholders to participate in a general meeting by means of electronic communication (e-meeting) if justified by the expectations of shareholders notified to the company, provided that the company is in a position to provide the technical infrastructure necessary for such general meeting to proceed.</b>	This principle is not complied with. The Company intends to commence a process which could enable shareholders to participate in the Company's General Meetings by means of electronic communication, whether the Company receives a prior request for holding an e-meeting from a shareholder or shareholders or not. The Management Board gives priority to ensuring that the General Meeting proceeds smoothly and that its resolutions are properly adopted. The decision on whether to allow the Company to hold e-meetings will be made following, among other things, an analysis of the potential organisational and technical risks to the General Meeting proceeding smoothly, including to uninterrupted two-way communication with shareholders participating in the General Meeting from locations other than its venue, as well as an analysis of legal risks, in particular related to confirming shareholders' and other participants' identity and authority to take part in the General Meeting and to contesting General Meeting resolutions on the grounds of delays in the broadcast of the General Meeting or other technical defects, whether on the Company's end or on the end of a shareholder participating in the General Meeting by means of electronic communication.
<b>4.3.</b>	<b>Companies provide a public real-life broadcast of the general meeting.</b>	This principle is not complied with. The Company intends to commence real-life broadcasting of General Meetings in early 2022 at the latest. The Company intends to provide investors with an online livestreaming service dedicated to enabling them to follow the proceedings of the General Meeting as held and conducted by the Chairperson at its venue, including to listen to all statements made by the participants.
<b>6. REMUNERATION</b>		
<b>6.2.</b>	<b>Incentive schemes should be constructed in a way necessary</b>	This principle is not complied with.



	<b>Commentary</b>
<p><b>among others to tie the level of remuneration of members of the company's management board and key managers to the actual long-term standing of the company measured by its financial and non-financial results as well as long-term shareholder value creation, sustainable development and the company's stability.</b></p>	<p>As at the date of this statement of compliance with the Best Practice 2021, the Company had no incentive scheme in place. If such scheme is implemented, the Company intends to comply with this principle.</p>

### **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 parent's Management Board is responsible for the internal control system at the parent 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.

On December 1st 2020, the parent took over maintenance of its accounting records from a third party provider of accounting services, which, in the Management Board's opinion, enabled the parent to adjust its in-house finance and accounting function to meet the parent's needs. In 2021, the accounting records of PCF Group S.A.'s subsidiaries, except those of Game On Creative, Inc., were maintained by third party accounting firms. 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.

In accordance with the Articles of Association of PCF Group S.A., the Supervisory Board appoints an audit firm to audit the Company's and the Group's financial statements. Under the Supervisory Board's Resolution No. 17 of June 29th 2021: (i) Grant Thornton was appointed the audit firm authorised to review the parent's interim financial statements and the Group's interim consolidated financial statements for the six months ended June 30th 2021 and for the six months ended June 30th 2022 prepared in accordance with IFRS/IAS, and (ii) Grant Thornton was appointed the audit firm authorised to audit the parent's financial statements and the Group's consolidated financial statements for the financial years 2021 and 2022 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 at the General Meeting of PCF Group S.A. as at the reporting date and as at the date of authorisation for issue of this Directors' Report on the operations of PCF Group S.A. and its Group in 2021, based on disclosures of shareholdings made by shareholders holding 5% or more of total voting rights at the parent's General Meeting pursuant to Art. 69 et seq. of the Act on Public Offering, Conditions Governing the Introduction of Financial Instruments to Organised Trading, and Public Companies of July 29th 2005, as well as notifications made by persons discharging managerial responsibilities at the parent under Art. 19 of MAR. None of the listed shareholders held Company shares indirectly.

Shareholder	Number of shares held	(%)	Number of voting rights	(%)
Sebastian Wojciechowski	14,969,480	49.98	14,969,480	49.98
Bartosz Kmita	2,579,910	8.61	2,579,910	8.61
Bartosz Biełuszko	1,805,936	6.03	1,805,936	6.03
Krzysztof Dolaś	1,805,936	6.03	1,805,936	6.03
<i>jointly parties to the Qualifying Shareholders' Agreement*</i>	21,161,262	70.65	21,161,262	70.65
Other shareholders	8,788,964	29.35	8,788,964	29.35
<b>Total</b>	<b>29,950,226</b>	<b>100</b>	<b>29,950,226</b>	<b>100</b>

\*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 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 the transferability of PCF Group S.A.'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 2021, 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, 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. until December 18th 2021. As at the reporting date and as at the date of authorisation for issue of this Directors' Report on the operations of PCF Group S.A. and its Group in 2021, no shares in the Company subscribed for by investors in the employee offering as part of the public offering of Company shares were subject to any lock-up agreements.

## **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 2021, the Management Board was composed of one member – 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. 402<sup>1</sup>.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. 402<sup>1</sup>.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 at:

[peoplecanfly.com/wp-content/uploads/2021/01/statut-pcf-group-sa-1.pdf](https://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 2021, the Company's General Meeting was convened twice. 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 at:

<https://peoplecanfly.com/wp-content/uploads/2021/07/tekst-jednolity-statutu-rep-a-4627-2021-24052021-aktualny-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 2021.

### **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 2021.

#### *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 this Directors' Report on the operations of PCF Group S.A. and its Group in 2021), 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 2021**

### **Management Board**

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 2021, 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 at:

<https://peoplecanfly.com/investors/#lad-korporacyjny>

## **Supervisory Board**

As at January 1st 2021, 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, PhD – Member of the Supervisory Board.

Among the Supervisory Board members, Jacek Pogonowski and Aleksander Ferenc, PhD, satisfied the independence criteria under the Act on Statutory Auditors, Audit Firms and Public Oversight of May 11th 2017, and the Best Practice for GPW Listed Companies 2021.

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 reporting date (December 31st 2021), 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, PhD – Member of the Supervisory Board. Among the Supervisory Board members, Jacek Pogonowski and Aleksander Ferenc, PhD, satisfied the independence criteria under the Act on Statutory Auditors, Audit Firms and Public Oversight of May 11th 2017, and the Best Practice for GPW Listed Companies 2021.

As at the date of authorisation for issue of this Directors' Report on the operations of PCF Group S.A. and its Group in 2021, 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,
- Dagmara Zawadzka – Member of the Supervisory Board.

Among the Supervisory Board members, Jacek Pogonowski and Dagmara Zawadzka 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 2021.

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

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.

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

Aleksander Ferenc, PhD, resigned from the position of member of the Supervisory Board on March 3rd 2022, with effect from the same date. On March 7th 2022, pursuant to Art. 23 of the Company's Articles of Association, the Company's Supervisory Board co-opted Dagmara Zawadzka onto the Supervisory Board of PCF Group S.A., with effect from March 7th 2022 until the end of the current three-year joint term of office of the Company's Supervisory Board, subject to approval of the appointment of Dagmara Zawadzka by the Company's General Meeting. On April 13th 2022, the Extraordinary General Meeting approved the appointment of Dagmara Zawadzka to the Supervisory Board.

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 2021 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 2021, the Supervisory Board held four meetings and passed resolutions without convening a meeting. The activities conducted by the Supervisory Board during its meetings and/or for the purposes of passing resolutions included in particular reviewing financial statements, providing opinion on the proposed distribution of net profit, adopting the 'Policy and procedure for selection of the audit firm to audit statutory financial statements of PCF Group S.A. and the 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' as authorised by the Audit Committee of the Supervisory Board, adopting the consolidated text of the Company's Articles of Association, granting consent to the Company's concluding a contract with President of the Company's Management Board and authorising a Supervisory Board member to represent the Company in connection with the execution of that contract, appointing a qualified auditor to audit the financial statements of the Company and the consolidated financial statements of the Group, summarising its own activities in 2021, discussing the Company's standing on a consolidated basis, including assessment of the internal control, risk management and compliance systems and the internal audit function, reviewing reports on the Company's compliance with disclosure obligations, and amending the Rules of Procedure for the Company's 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 at:

<https://peoplecanfly.com/investors/#lad-korporacyjny>

## Audit Committee

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.

In the reporting period and as at the reporting date, the Audit Committee consisted of:

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

Among the Audit Committee members, as at December 31st 2021 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 as set out in Art. 129.1 thereof. Among the Supervisory Board members, Jacek Pogonowski and Aleksander Ferenc, PhD, satisfied the independence criteria under the Act on Statutory Auditors, Audit Firms and Public Oversight of May 11th 2017, and the Best Practice for GPW Listed Companies 2021.

As at the date of authorisation for issue of this Directors' Report on the operations of PCF Group S.A. and its Group in 2021, the Audit Committee consisted of:

- Jacek Pogonowski – Chairman of the Audit Committee
- Dagmara Zawadzka, CFA – Member of the Audit Committee
- Mikołaj Wojciechowski – Member of the Audit Committee

Among the Audit Committee members, as at the date of authorisation for issue of this Directors' Report on the operations of PCF Group S.A. and its Group in 2021, 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 Dagmara Zawadzka satisfied the criteria of possessing the knowledge and skills in accounting or financial auditing as set out in Art. 129.1 thereof. Among the Supervisory Board members, Jacek Pogonowski and Dagmara Zawadzka satisfied the independence criteria under the Act on Statutory Auditors, Audit Firms and Public Oversight of May 11th 2017, and the Best Practice for GPW Listed Companies 2021.

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 2020-2021, **Dagmara Zawadzka** served as Head of the Aerotropolis and Development Division at Centralny Port Komunikacyjny Sp. z o.o. In 2017–2020, she worked for Bank Gospodarstwa Krajowego as Head of BGK' Representative Office in London (2019–2020) and previously as Managing Director of the Banking Product Sales Division, responsible for the oversight of banking product sales to strategic customers as well as for the provision and structuring of financing. She also served as a permanent member of the Bank's Credit Committee. In 2015–2017, she was Chief Finance and Procurement Officer at PKP Intercity S.A., where she also chaired the Investment Committee. She oversaw the management control, financing, accounting and procurement functions, as well as being responsible for the process to recapitalise the company. In 2011–2014, she worked for the ORLEN Group, including as Head of the Office for Strategic Projects of PKN Orlen S.A.,

member of the Supervisory Board of IKS Solino, and President of the Management Board of Kopalnia Soli Lubień. She began her professional career in 2001 as a consultant at BRE Corporate Finance, where she was later promoted to manager and Deputy Head of the Corporate Finance Advisory Team. In 2007–2011, she was Deputy Head of the Corporate Finance Advisory Team at Pricewaterhouse Coopers. While working for advisory firms, she was involved in conducting a number of M&A transactions and IPOs. Dagmara Zawadzka graduated from the Warsaw School of Economics and the Aarhus School of Business in Denmark, majoring in Finance and Banking and International Finance and Business, respectively. She also completed a post-graduate programme in International Financial Reporting Standards at the Warsaw School of Economics. She was on a scholarship to California Polytechnic University, USA, and holds the International Chartered Financial Analyst (CFA) certificate.

**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 at:

<https://peoplecanfly.com/investors/#lad-korporacyjny>

### **Permitted non-audit services**

In the financial year 2021, the audit firm Grant Thornton Frackowiak Sp. z o.o. sp.k. provided to the Company a permitted non-audit service consisting in an assessment of the Report on the remuneration of members of the Management Board and Supervisory Board for the period January 1st–December 31st 2019 and January 1st–December 31st 2020 in terms of completeness of the disclosures made therein as required under applicable laws and regulations; the assessment was expressed in the form of an assurance engagement report. The Audit Committee granted its consent to the provision of the service in Audit Committee Resolution No. 4/2021 of May 24th 2021.

### **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 the 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 Grant Thornton Frąckowiak Spółka z ograniczoną odpowiedzialnością Spółka komandytowa as the audit firm authorised to audit the 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 interim financial statements of the Company and the interim consolidated financial statements of the Group for the period January 1st–June 30th 2020. At the same time, under the Supervisory Board's Resolution No. 17 of June 29th 2021: (i) Grant Thornton Frąckowiak Spółka z ograniczoną odpowiedzialnością Spółka komandytowa was appointed the audit firm authorised to (i) review the parent's interim financial statements and the Group's interim consolidated financial statements for the six months ended June 30th 2021 and for the six months ended June 30th 2022 prepared in accordance with IFRS/IAS, and (ii) to audit the parent's financial statements and the Group's consolidated financial statements for the financial years 2021 and 2022 prepared in accordance with IFRS/IAS.

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.

In reappointing Grant Thornton as the audit firm authorised to audit the parent's financial statements and the Group's consolidated financial statements for the financial years 2021 and 2022 prepared in accordance with IFRS/IAS, the Company did not comply with the procedure provided for under Art. 130 of the Act on Statutory Auditors, Audit Firms and Public Oversight of May 11th 2017 for appointing an audit firm authorised to audit the entity's financial statements as it does not apply to extensions of existing agreements for the audit of financial statements.

In the financial year 2021, the audit firm Grant Thornton Frąckowiak Sp. z o.o. sp.k. provided to the Company a permitted non-audit service consisting in an assessment of the Report on the remuneration of members of the Management Board and Supervisory Board for the period January 1st–December 31st 2019 and January 1st–December 31st 2020 in terms of completeness of the disclosures made therein as required under applicable laws and regulations; the assessment was expressed in the form of an assurance engagement report. The Audit Committee granted its consent to the provision of the service in Audit Committee Resolution No. 4/2021 of May 24th 2021.

### **Number of Audit Committee meetings**

In 2021, the Audit Committee held six meetings during which it:

- reviewed the summaries of the processes carried out at the start and close of the audits of the full-year separate and consolidated financial statements for 2020 and of the interim separate and consolidated financial statements for the first half of 2021, as prepared by the Company's auditor;
- reviewed the additional report for the Audit Committee and submitted it to the Supervisory Board and the Management Board;
- adopted the 'Policy and procedure for selection of the audit firm to audit statutory financial statements of PCF Group S.A. and the 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';
- reviewed the draft interim financial statements prepared in 2021;
- approved, at the Company's request, a list of audit firms qualified to audit the Company's and its Group's statutory financial statements;



- granted consent to the provision by the entity authorised to audit the financial statements of the Company and its Group of services other than auditing or reviewing financial statements;
- adopted the report of the Audit Committee of the Supervisory Board on its activities in 2020.