



REPORT OF THE SUPERVISORY BOARD

AND ITS AUDIT COMMITTEE ON THEIR ACTIVITIES IN 2023, INCLUDING THE ASSESSMENTS REFERRED TO IN PRINCIPLE 2.11 OF THE BEST PRACTICE FOR GPW LISTED COMPANIES 2021

Warsaw, April 29th, 2024

1. COMPOSITION OF THE SUPERVISORY BOARD OF PCF GROUP S.A. IN 2023

In 2023 the composition of the Supervisory Board was as follows:

- Mikołaj Wojciechowski – Chairman of the Supervisory Board
- Kuba Dudek – Member of the Supervisory Board
- Barbara Sobowska – Member of the Supervisory Board
- Jacek Pogonowski – Member of the Supervisory Board
- Dagmara Zawadzka – Member of the Supervisory Board.

In 2023 and in the period from December 31st 2023 to the date of this Report, there were no changes in the composition of the Supervisory Board.

2. INDEPENDENCE OF SUPERVISORY BOARD MEMBERS

In 2023 and at the date of this Report, the independence criteria within the meaning of the Act on Statutory Auditors, Audit Firms and Public Oversight of May 11th 2017 and Best Practice for GPW Listed Companies 2021 were satisfied by the following Supervisory Board members:

- Jacek Pogonowski and
- Dagmara Zawadzka.

Save for Mikołaj Wojciechowski, Chairman of the Supervisory Board and member of the Audit Committee, having family links to Sebastian Wojciechowski, President of the Management Board and a shareholder holding as at the date of this Report 41.71% of the share capital and total voting rights in the Company, other members of the Supervisory Board have no actual and material links with any shareholder holding 5% or more of total voting rights in the Company.

3. SUMMARY OF THE ACTIVITIES OF THE SUPERVISORY BOARD IN 2023

The Supervisory Board exercises ongoing supervision over the Company's business in each area of its activity. In 2023, the Supervisory Board performed its duties under the applicable laws and regulations and the Company's Articles of Association.

In 2023, the Supervisory Board held nine meetings. The average attendance of Supervisory Board members at the meetings in 2023 was 86,25%.

In addition, on April 17, 2023, an informal meeting was held at the Company's headquarters between members of the Company's Supervisory Board and the President of the Management Board of the Company, part of which was a presentation on the "Dagger", "Victoria" and "Bifrost" projects being developed by the Group in the self-publishing model.

In 2023, the Supervisory Board adopted 30 resolutions, of which 24 were adopted at Supervisory Board meetings, and six were adopted by means of direct remote communication without a meeting.

The resolutions passed by the Supervisory Board in the performance of its duties included, among others:

- resolutions concerning documentation related to related party transactions, i.e. a resolution on approval of regulations for entering into transactions with related

- parties, and a resolution on adoption of a procedure for periodic evaluation of selected transactions with related parties;
- resolution on approval for the Company to enter into an investment agreement with Krafton Inc. and a related agreement on restriction of disposal of the Company's shares, as well as a subsequent side letter to the investment agreement with the President of the Management Board of the Company;
 - numerous resolutions adopted in connection with the convening of the Company's Annual General Meeting, namely resolutions on:
 - evaluation of the Company's annual separate and consolidated financial statements;
 - evaluation of the Management Board's report on the Company's activities
 - evaluation of the proposal of the Company's Management Board regarding the distribution of profit for the 2022 fiscal year
 - adoption of the Report of the Supervisory Board for the 2022 fiscal year;
 - approval of the Report of the Supervisory Board and the Audit Committee of the Supervisory Board on its activities in 2022;
 - approval of the Report on the compensation of members of the Management Board and Supervisory Board for 2022;
 - resolution on the selection of an audit firm to conduct the statutory audit of the Company's and its group's financial statements, which concluded the Group's process of selecting an audit firm for the next two fiscal years;
 - resolutions on the adoption of the consolidated text of the Company's Articles of Association, related to the Company's share capital increases carried out;
 - a number of resolutions to provide the Supervisory Board's opinion on draft resolutions of the General Meeting held in 2023.

4. COMPOSITION OF THE AUDIT COMMITTEE OF THE SUPERVISORY BOARD AND SUMMARY OF ITS ACTIVITIES IN 2023

Pursuant to Art. 18.1 of the Company's Articles of Association, for as long as the Company remains a public-interest entity within the meaning of the Act on Statutory Auditors, Audit Firms and Public Oversight of May 11th 2017, the Supervisory Board is required to establish and maintain an audit committee. The Supervisory Board may also establish other committees, in particular a nomination and remuneration committee. The detailed tasks and rules of establishing and operation of such committees are specified in the Rules of Procedure for the Supervisory Board.

The Audit Committee of the Supervisory Board was appointed on June 26th 2020 by the Supervisory Board's Resolution No. 2/2020.

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. Should the mandate of a Supervisory Board member appointed to the Audit Committee expire before the expiry of the term of office of the Supervisory Board or should a Supervisory Board member resign or be removed from office, the Supervisory Board will fill the vacancy by electing a new Audit Committee member.

In 2023 and on the date of this Report, the Audit Committee comprised:

- Jacek Pogonowski – Chair of the Audit Committee
- Dagmara Zawadzka – Member of the Audit Committee
- Mikołaj Wojciechowski – Member of the Audit Committee.

Among the Audit Committee members, as at the date of this Report, Mikołaj Wojciechowski satisfied the criteria of having 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 having the knowledge and skills in accounting or financial auditing, as set out in Art. 129.1 thereof. At the same time, Jacek Pogonowski and Dagmara Zawadzka were 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 2021.

The frequency of meetings of the Audit Committee is determined according to the needs, but at least four times a year.

Pursuant to Art. 18.2 of the Company's Articles of Association (as numbered in the wording of the Articles of Association current as of the date of this Report), the Audit Committee is responsible for, in particular:

- 1) 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;
- 2) controlling and monitoring of the independence of the auditor and audit firm;
- 3) 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;
- 4) assessing the auditor's independence and approving the provision of permitted non-audit services by the auditor;
- 5) developing a policy for selection of an audit firm to perform audits;
- 6) establishing an audit firm selection procedure for the Company;
- 7) submitting recommendations to ensure reliability of the financial reporting process at the Company.

In 2023, the Audit Committee performed its duties under the applicable laws and regulations, the Rules of Procedure for the Audit Committee, and the Company's Articles of Association. The Audit Committee met seven times in 2023. The average attendance at the Audit Committee meetings was over 76%. In 2023, the Audit Committee passed nine resolutions on:

- giving an opinion on the audit plan for 2023;
- submitting the "*Supplementary Report to the Audit Committee*" to the Company's Management Board and Supervisory Board;
- approval of audit firms meeting the criteria for selection of an audit firm for the purpose of addressing requests for proposals for the audit of the statutory financial statements of the Company and its Group;
- approval of the provision of non-audit or review services by the entity authorized to audit the Company's and its Group's financial statements;
- adoption of the Report of the Audit Committee of the Supervisory Board on its activities in 2022 and evaluations made in 2022;

- adoption of the Report of the Audit Committee of the Supervisory Board on its activities in 2021 and evaluations made in 2021;
- approval of the “*Report of PCF Group S.A. containing the conclusions of the audit firm selection procedure*”;
- the Audit Committee's recommendation on the selection of an audit firm to conduct the statutory audit of the Company's and its group's financial statements; and
- approval of the provision by the entity authorized to audit the financial statements of the Company and its Capital Group of services that are not an audit or review of the financial statements.

In addition, during the Audit Committee meetings, among other things, meetings were held with the Company's auditor to review presentations on (i) the audit strategy for the annual standalone financial statements of PCF Group S.A. for fiscal year 2022 and the annual consolidated financial statements of PCF Group S.A.'s group. (the “**Group**”) for fiscal year 2022 (the “**Annual Reports**”); (ii) a summary of the audit of the Annual Reports; and (iii) the strategy for the review of the Group's interim consolidated financial statements for the first half of 2023.

The Audit Committee also held meetings related in particular to the Company's publication of periodic reports, reviewing and giving its opinion on the audit plan for 2023 and then discussing the internal auditor's performance in 2023, discussing the Company's financial model for 2023-2027 and the draft budget for 2023, as well as the procedure for selecting an audit firm to audit the Company's and Group's statutory financial statements.

In addition, the Audit Committee held one closed meeting, without the participation of the Company's Management Board, in which Audit Committee members met with the Company's internal auditor to discuss his activities in 2023.

Apart from the Audit Committee, the Supervisory Board did not establish any other internal committees composed of its members.

5. SELF-ASSESSMENT OF THE SUPERVISORY BOARD'S WORK IN 2022

The Supervisory Board of PCF Group S.A. concludes that in 2023 it exercised proper ongoing supervision over the Company's business in each area of its activity in accordance with applicable laws and regulations and the Company's Articles of Association.

The Supervisory Board further concludes that it fulfils its duties diligently and effectively in exercising ongoing supervision over the Company's business in each area of its activity, and that its membership guaranteed a broad spectrum of professional experience, thus ensuring an adequate level of collective supervision of the Company's operations.

In the Supervisory Board's opinion, the professional experience and diverse expertise of the individual members of the Supervisory Board enable it to thoroughly examine and provide comprehensive opinions on matters presented to the Supervisory Board for consideration and ensure a broad range of views with respect to the assessment of the Management Board's work and the Company's performance.

In evaluating the Supervisory Board's cooperation with the Management Board, the Supervisory Board positively assessed the course of this cooperation, emphasizing the comprehensive nature of the information provided by the Management Board, as well

as appreciating the Management Board's participation in Board meetings, including the provision of relevant explanations to the Board by both the President of the Management Board and other representatives of the Company.

In 2023, the Supervisory Board members actively participated in Supervisory Board meetings and remained committed to the proper discharge of their duties; the discussions held included an assessment of the Company's standing as at the date of each meeting and of the market standards for listed companies.

The number and duration of the Supervisory Board meetings, as well as the level of the Supervisory Board members' access to resources, were adequate to enable the Supervisory Board to discharge its duties, and the documents prepared for the Supervisory Board included relevant information and were developed well in advance of each meeting, taking into account the dynamics of the matters submitted to the Supervisory Board. The subject-matter content of the materials submitted for the Supervisory Board meetings was of satisfactory quality.

6. ASSESSMENTS MADE BY THE SUPERVISORY BOARD IN 2023

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; *THE ASSESSMENT COVERS ALL SIGNIFICANT CONTROLS, IN PARTICULAR REPORTING AND OPERATIONAL CONTROLS*

Internal control

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. On 1 January 2023, an internal audit function was established at the Parent and an internal auditor was appointed to take charge of internal audit which is an element supporting the process of monitoring and assessing the Parent's internal control system. The financial reporting process at PCF Group S.A. and its subsidiaries is supervised directly by the President of the Management Board.

Since December 1st 2020, the Company's books of account have been kept in-house by an internal finance and accounting department that has been structured to meet the Company's accounting needs. The books of account of PCF Group S.A.'s subsidiaries (except for Game On Creative Inc.) and of Incuvo S.A. (since July 1st 2022) have been kept 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 was accountable to and reported 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.

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.

In accordance with the Articles of Association of PCF Group S.A. The Supervisory Board selects the audit firm to audit the financial statements. Pursuant to Resolution No. 22 of the Supervisory Board dated June 22, 2023, Grant Thornton Polska Prosta Spółka Akcyjna was selected as the auditing firm to audit the Company's standalone financial statements and the consolidated financial statements of the Company's capital group for the periods from January 1, 2023 to December 31, 2023 and from January 1, 2024 to December 31, 2024, as well as to conduct a review of the Company's standalone interim financial statements and a review of the consolidated interim financial statements of the Company's group for the periods from January 1, 2023 to June 30, 2023 and from January 1, 2024 to June 30, 2024.

The Audit Committee controls and monitors the independence of the statutory auditor and the audit firm, assesses the independence of the statutory auditor, as well as developed a policy for the selection of an audit firm to perform the audit and determined the procedure for selecting an audit firm by the Company. 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.

Activities of the Supervisory Board and the Audit Committee

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. 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 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 2023 and the Company's full-year separate financial statements for the financial year ended December 31st 2023 did not submit any comments on the operation of the internal control system.

Members of the Supervisory Board also reviewed the assertions and conclusions contained in the “*Report on the Assessment of the Effectiveness of the Internal Control, Risk Management and Compliance Systems*” prepared by the Company's internal auditor and the person responsible for compliance (Senior Compliance Officer) and presented to the members of the Supervisory Board at the meeting held on December 14th, 2023.

In view of the foregoing, the Supervisory Board gives a positive assessment of the internal control model adopted by the Company, finding it to be adequate and effective.

Internal audit

On December 14th 2022 the Management Board passed Resolution No. 14/2022 to establish an internal audit function and to appoint an internal auditor to direct the internal audit function (the “**Internal Auditor Appointment Resolution**”), which came into force on January 1st 2023.

The Internal Auditor Appointment Resolution defined the following internal audit framework for the Company:

- the internal audit function supports the process of monitoring and evaluating the internal control system in place at the Company;
- the purpose of the internal audit function is to perform regular, independent and objective audits, assessments and improvements of the internal control procedures and mechanisms in place at the Company;
- the internal audit function covers all key processes and areas at the Company, including strategic management, financial management, management of development teams, games production, and acquisition of new contracts, including production and publishing contracts, and contract execution processes;
- the internal audit function at the Company is directed by an internal auditor;
- the Company's internal auditor performs independent and objective activities with the aim of adding value and streamlining the Company's operations;
- the Company's internal auditor is a separate organisational unit performing the internal audit function at the Company;
- the Company's internal auditor reports organisationally to the President of the Company's Management Board and functionally to the Chairperson of the Audit Committee;
- the Company's internal auditor holds office until resignation or removal by the Company's Management Board.

Pursuant to the Internal Auditor Appointment Resolution, the Company's internal auditor:

- prepares proposals of audit plans for the following year (based on risks related to the Company's operations and tailored to the Company's specific needs and circumstances), which must obtain an opinion from the Audit Committee and approval from the Company's Management Board;
- performs periodic internal audits of key processes and areas at the Company and, if any irregularities are identified, may perform additional internal audits;
- performs ad hoc internal audits in selected areas on instruction from the Audit Committee;
- performs internal audits in selected areas on instruction from the Company's Management Board;

- prepares internal audit reports including recommendations for further actions, and delivers the reports to the Company’s Management Board;
- prepares a summary report on any irregularities and proposals resulting from internal audits and on measures taken to correct such irregularities or implement such proposals, and delivers the report to the Company’s Supervisory Board, Audit Committee and Management Board at least once a year;
- prepares a report on the assessment of the effectiveness of the internal control, risk management and compliance systems and the internal audit function in place at the Company, and delivers the report to the Company’s Supervisory Board, Audit Committee and Management Board at least once a year;
- prepares proposals of internal audit planning and execution procedures, which are subject to approval by the Company’s Management Board, and subsequently performs regular assessments of their effectiveness and suitability, recommending amendments to the procedure, where necessary;
- participates in a closed meeting with the Audit Committee at least once a year without the presence of the Company’s Management Board;
- at the Supervisory Board’s request, updates the Supervisory Board on performance against the annual audit plan;
- may use the support of other organisational units of the Company to perform its duties, where necessary;
- seeks to ensure the Company’s internal audit function is in compliance with generally accepted international standards for the professional practice of internal auditing;
- when performing its duties follows the principles of ethical conduct set out in the Code of Ethics issued by the Institute of Internal Auditors (IIA).

Pursuant to the Internal Auditor Appointment Resolution, the Company’s Management Board appointed Aleksander Ferenc, PhD, to serve as the Company’s internal auditor and to direct the internal audit function at the Company, with effect from January 1st 2023. As Chief Integration Officer, Mr Ferenc is also responsible for integration and M&A processes at the Company’s Group.

On January 4th 2023, the Company published an updated statement of compliance with *Best Practice for WSE Listed Companies 2021*, confirming its first-time compliance with Principle 3.3 following the appointment of an internal auditor to direct the Company’s internal audit function as of January 1st 2023.

In 2023, Aleksander Ferenc, PhD, served as internal auditor continuously, i.e. from January 1 to December 31, 2023. As of the date of this Report, Aleksander Ferenc, PhD, continues to serve as the Company’s internal auditor.

On December 14, 2023, the Audit Committee held one closed meeting, without the participation of the Company’s Management Board, in which Audit Committee members met with the Company’s internal auditor to discuss his activities in 2023. During this meeting, the internal auditor discussed the “Report on the Performance of Internal Audit Tasks until October 30, 2023” which he prepared and submitted to the Audit Committee members, in which he presented the detailed results of internal audits conducted during the period from January 1 to October 30, 2023, in the following areas: (i) procurement processes at the Company and the Group; (ii) financial management processes at the Company and the Group; and (iii) management of certain subsidiaries within the Group, i.e., Incuvo S.A. and Game On Creative Inc. With each of the areas mentioned, the internal auditor described the actions he had taken and the conclusions of those actions, assessed the level of risk associated with the area, and provided recommendations for further actions and a report on their implementation. The

members of the Audit Committee positively evaluated the activities of the internal auditor and the report he prepared. During the meeting, they asked the internal auditor numerous questions, which were fully answered, and shared their comments and recommendations for implementation in the future, and requested more frequent meetings with the internal auditor in this format. The meeting concluded with the fact that in the first quarter of 2024, the internal auditor will present to the Audit Committee members a report on the implementation of internal audit tasks, supplemented by a description of the activities undertaken in the period from the beginning of November to the end of December 2023, and also taking into account some of the comments and recommendations made by the Audit Committee members.

On February 26, 2024, a meeting of the Audit Committee was held, during which its members reviewed the supplementary information from the Company's internal auditor regarding the performance of his tasks in 2023. The Audit Committee members positively evaluated the performance of the Company's internal auditor in 2023.

ASSESSMENT OF THE COMPANY'S COMPLIANCE WITH THE CORPORATE GOVERNANCE PRINCIPLES AND ON FULFILMENT OF ITS DISCLOSURE OBLIGATIONS CONCERNING COMPLIANCE WITH THE CORPORATE GOVERNANCE PRINCIPLES DEFINED IN THE STOCK EXCHANGE RULES AND THE REGULATIONS ON CURRENT AND PERIODIC REPORTS TO BE PUBLISHED BY ISSUERS OF SECURITIES, AND INFORMATION ON MEASURES TAKEN BY THE SUPERVISORY BOARD TO PERFORM SUCH ASSESSMENT

Having reviewed at its meeting held on December 14, 2023 detailed information regarding fulfilment by the Company of its disclosure obligations, the Supervisory Board is satisfied that the Management Board properly fulfilled the disclosure obligations concerning compliance with the corporate governance principles defined in the Stock Exchange Rules and the regulations on current and periodic reports to be published by issuers of securities.

ASSESSMENT OF THE VALIDITY OF THE COMPANY'S SPONSORSHIP, CHARITY OR SIMILAR POLICIES, OR INFORMATION ON THE ABSENCE OF SUCH POLICIES, AS WELL AS ASSESSMENT OF THE VALIDITY OF EXPENSES INCURRED BY THE COMPANY AND ITS GROUP TO SUPPORT CULTURE, SPORTS, CHARITIES, MEDIA, SOCIAL ORGANISATIONS, TRADE UNIONS, ETC., TOGETHER WITH A STATEMENT OF SUCH EXPENSES

In 2023, the Company was not engaged in any sponsorship, charity or similar activities, nor did the Company or its Group incur any expenses to support culture, sports, charities, media, social organisations, trade unions or other similar organisations.

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Signature: _____ / signature /
Name: Mikołaj Wojciechowski
Position: Chairman of the Supervisory Board
Date: April 29th, 2024

Signature: _____ / signature /
Name: Kuba Dudek
Position: Member of the Supervisory Board
Date: April 29th, 2024

Signature: _____ / signature /
Name: Jacek Pogonowski
Position: Member of the Supervisory Board
Date: April 29th, 2024

Signature: _____ / signature /
Name: Barbara Sobowska
Position: Member of the Supervisory Board
Date: April 29th, 2024

Signature: _____ / signature /
Name: Dagmara Zawadzka
Position: Member of the Supervisory Board
Date: April 29th, 2024