

Report on the remuneration of members of the Management Board and Supervisory Board

Of the STS Holding S.A. Group of Companies in 2022

I. INTRODUCTION

The report on the remuneration of the members of the Management Board and Supervisory Board of the STS Holding S.A. Group of Companies (hereinafter the "Group of Companies") (hereinafter the "Report") has been prepared on the basis of:

- Art. 90g sec. 1 and the Act of 29 July 2005 on Public Offering, Conditions Governing the Introduction of Financial Instruments to Organised Trading, and Public Companies (consolidated text Dz. U. /Journal of Laws/ of 2020, item 2080), (hereinafter the "Act on Public Offering"),
- Remuneration Policy for Members of the Management Board and Supervisory Board of STS Holding S.A., introduced by the Resolution of the General Meeting of Shareholders of the Company on 29 October 2021 (hereinafter referred to as "Policy", "Remuneration Policy").

The report presents an overview of the remuneration and all benefits received by individual members of the Management Board and Supervisory Board in relation to that company and its Group of Companies for the financial year 2022.

Bearing in mind the legibility of the data, the remuneration of members of the Management Board and Supervisory Board was presented separately for STS Holding S.A., STS S.A. (largest company in STS Holding S.A. Group) and subsidiaries.

The STS Holding S.A. Group of Companies, at the end of 2022 and as on the date of this Report, consists of the following entities:

- STS S.A. – since 1 April 2020
- STS Gaming Group Limited – since 24 August 2020
- STS BET Limited – since 14 July 2021
- BetSys s.r.o. – since 31 August 2020
- Betsys Poland sp. z o.o. – since 31 August 2020

II. REMUNERATION POLICY APPLICABLE IN THE STS HOLDING S.A. GROUP OF COMPANIES

The solutions adopted in the Policy have been established in a way that should contribute to the creation of conditions for attracting, retaining and motivating people with competences and experience necessary for the further dynamic development of the Group of Companies.

When creating the Remuneration Policy, the following principles were followed:

- annual remuneration for performance - the entire management team participates in the jointly generated net profit in accordance with the incentive schemes operating in the Group,
- participation in long-term incentive programs settled in the rights to the Company's shares - persons in higher positions have the opportunity to participate in the generated increase in the value of the Company, building long-term value for its shareholders (Remuneration of Management Board Members).

The report of the Supervisory Board on the remuneration of members of the Management Board and Supervisory Board of STS Holding S.A. for the financial year 2021 was positively evaluated by the Ordinary General Meeting of the Company (resolution of 22 June 2022 of the Ordinary General Meeting of Shareholders of STS Holding S.A. with its registered office in Katowice regarding expressing an opinion on the Report of the Supervisory Board of STS Holding S.A. on the remuneration of Members of the Management Board and the Supervisory Board) acting pursuant to Art. 395 sec. 21 of the Code of Commercial Companies and Partnerships in conjunction with Art. 90g sec. 6 of the Act on Public Offering, the Conditions Governing the Introduction of Financial Instruments to Organised Trading, and Public Companies and Art. 3 Sec. 1 of the Remuneration Policy of STS Holding S.A. According to Art. 90g sec. 8 of the Act, the Supervisory Board explains that taking into account the positively assessed report of the Supervisory Board Report on the remuneration of members of the Management Board and Supervisory Board of STS Holding S.A. for the financial year of 2021, in the financial year 2022 there was no need to change the Policy in force at STS Holding S.A.

1) Remuneration of the Members of the Management Board

Members of the Management Board receive a monthly fixed remuneration paid for their functions in the Company, determined individually for a member of the Management Board by the Supervisory Board in the Legal Basis of Employment or by way of a separate resolution, taking into account the provisions of the Remuneration Policy and the scope of responsibility of the member of the Management Board.

Members of the Management Board may also receive variable remuneration, in particular in the form of:

- the possibility of subscribing for subscription warrants incorporating the right to acquire Company shares or acquire or subscribe for Company shares as part of a multi-annual incentive program approved by a separate resolution of the General Meeting, or
- participation in the incentive scheme which enables the payment of cash remuneration directly dependent on the financial performance of the Company, the Group or the segment for which a member of the Management Board is responsible, or
- an annual bonus for the implementation of a task or for the implementation of a management goal.

Variable remuneration is awarded individually to a given member of the Management Board and its amount depends on the fulfilment of the conditions for the fulfilment of financial and non-financial criteria (if they were established).

Members of the Management Board are entitled to reimbursement of justified expenses incurred by them in connection with the performance of duties resulting from the performed function or the contract concluded with the Company.

Members of the Management Board may be included in the employee capital plan on the terms specified in the Act of 4 October 2018 on employee capital plans.

2) Remuneration of the Members of the Supervisory Board

The remuneration of the Members of the Supervisory Board is determined by a resolution of the General Meeting.

Members of the Supervisory Board receive a monthly lump sum remuneration in a specified amount, regardless of the number of meetings of the Supervisory Board.

Fixed remuneration of the members of the Supervisory Board may vary depending on the function performed (e.g. for the function of the Chairman or Vice-Chairman of the Supervisory Board, the Chairman or a member of the Audit Committee).

The Company may provide a member of the Supervisory Board with additional benefits in connection with the performance of a function in the Supervisory Board, which include the coverage of premiums under the D&O insurance contract.

III. COMPOSITION OF THE MANAGEMENT BOARD AND THE SUPERVISORY BOARD IN 2022

1) STS Holding S.A.

Composition of the Management Board of STS Holding S.A.

In the period from 1 January 2022 to 31 December 2022, the Management Board was composed of the following three Members:

- Mateusz Juroszek - President of the Management Board
- Zdzisław Kostrubała – Member of the Management Board, responsible for the legal and compliance area
- Marcin Walczysko – Member of the Management Board responsible for the operational area.

Composition of the Supervisory Board of STS Holding S.A.

In the period from 1 January 2022 to 31 December 2022, the composition of the Supervisory Board was as follows:

- Mr Maciej Fijak - Chairman of the Supervisory Board

- Mr Zbigniew Juroszek – Vice-Chairman of the Supervisory Board
- Ms Milena Olszewska-Miszuris - Member of the Supervisory Board
- Ms Elżbieta Spyra - Member of the Supervisory Board
- Mr Krzysztof Krawczyk - Member of the Supervisory Board

In the period from 1 January 2022 to 31 December 2021, the Audit Committee operated within the Supervisory Board, composed of:

- Ms Milena Olszewska-Miszuris – Chairman of the Audit Committee;
- Mr Zbigniew Juroszek
- Ms Elżbieta Spyra

The Supervisory Board is appointed for a joint three-year term of office based on the Resolution of the Ordinary General Meeting of STS Holding S.A. of 31 August 2021.

2) STS S.A.

Composition of the Management Board of STS S.A.

In the period from 1 January 2022 to 31 December 2022, the Management Board had the following composition:

- Mr Mateusz Juroszek - President of the Management Board
- Mr Zdzisław Kostrubała – Member of the Management Board
- Mr Marcin Walczysko – Member of the Management Board.

Composition of the Supervisory Board of STS S.A.

In the period from 1 January 2022 to 31 December 2022, the Supervisory Board of STS S.A. was composed of:

- Mr Zbigniew Juroszek – Chairman of the Supervisory Board
- Mr Mateusz Bromboszcz - Member of the Supervisory Board
- Mr Maciej Fijak - Member of the Supervisory Board.

IV. REMUNERATION REPORT FOR EACH MEMBER OF THE MANAGEMENT BOARD AND SUPERVISORY BOARD

1) The amount of the total remuneration broken down into the components referred to in Art. 90d sec. 3 point 1 of the Act, and the mutual proportions between the remuneration components:

Remuneration in 2022

Management Board of STS Holding S.A.

Members of the Management Board of STS Holding S.A. in 2022 received remuneration under a subsidiary STS S.A. and another subsidiary of STS S.A. Selected members of the Management Board of STS Holding S.A. participate in incentive programs for shares of STS Holding S.A.

The table below presents the remuneration of the Members of the Management Board of STS Holding S.A., STS S.A. and other subsidiaries in 2022 in PLN.

Full name	Fixed remuneration in cash	Variable remuneration in cash	Other (additional) benefits	Share-based remuneration (variable)	Remuneration in subsidiaries (fixed)	Remuneration in subsidiaries (variable)	Proportion between fixed and variable remuneration
Mateusz Juroszek	0	0	0	0	323,527	0	100%
Zdzisław Kostrubała	0	0	0	361 636	403,310	0	112 %
Marcin Walczysko	0	0	0	361 636	388 ,270	0	107 %
Total	0	0	0	723 272	1,115,107	0	154 %

* the presented amount of variable remuneration in the form of shares includes remuneration resulting from the Incentive Program of STS Holding S.A. described in point 5, granted in 2022 based on the results from 2021. The granted amount of shares was converted at the closing price of the Company's shares as at the date of adoption of the resolution of the Supervisory Board on the verification of the EBIDTA target, i.e. April 28, 2022, and the notification of granting shares, adjusted by the amount paid by the Management Board in order to acquire the shares.

Given the holding structure of the STS Holding Group of Companies and the transfer of STS S.A. to STS Holding S.A., the Members of the Management Board of STS Holding S.A. are also Members of the Management Board of STS S.A., and the Supervisory Board decided to disclose the remuneration of the Members of the Management Board of STS Holding S.A. in the form of remuneration in subsidiaries (table above).

Due to the fact that STS S.A. is the major operating company in the STS Holding S.A. Group and STS S.A. is the main source of fixed remuneration for the Management Board, the description of fixed remuneration applies to that Company. The remuneration of the members of the Management Board of STS Holding S.A. in 2022 consisted solely of fixed remuneration and additional benefits. In 2022, members of the Management Board of STS S.A. received remuneration for employment contracts, appointments, management contracts or other civil law contracts with companies belonging to the Group of Companies.

Other (additional) benefits granted to the Members of the Management Board of STS S.A. by the Supervisory Board included in particular: putting the Company's equipment into use, including a company car (also for private use), the right to subsistence allowances and covering business travel costs, co-financing of additional medical care for Member of the Management Board, co-financing of tickets for sports activities. They were considered permanent benefits, presented in the column Remuneration in subsidiaries (fixed).

Supervisory Board of STS Holding S.A.

Members of the Supervisory Board of STS Holding S.A. in 2022 received remuneration in respect of the appointment.

Members of the Supervisory Board of STS Holding S.A. in 2022 received a fixed remuneration differentiated depending on the function performed (e.g. for the function of the Chairman or Vice-Chairman of the Supervisory Board, Chairman or a member of the Audit Committee).

Remuneration of the Members of the Supervisory Board of STS Holding S.A. in 2022 in PLN

Full name	Fixed remuneration	Additional benefits
Maciej Fijak	96,000.00	0.00
Zbigniew Juroszek	66,503.70	0.00
Milena Olszewska-Miszuris	96,000.00	0.00
Elżbieta Spyra	66,000.00	0.00
Krzysztof Krawczyk	0.00	0.00
Total	324,503.70	0.00

Supervisory Board of STS S.A.

Similarly to the Members of the Management Board, selected persons from the Supervisory Board of STS Holding S.A. were members of the bodies of companies from the STS Holding Group of Companies. For this reason, the Supervisory Board of STS Holding S.A. decided to disclose the amounts of remuneration of the members of the Supervisory Board of STS S.A. In 2022, one of the Members of the Supervisory Board of STS S.A. received fixed remuneration.

Other members of the Supervisory Board did not receive any remuneration for the performance of their function.

Remuneration of members of the Supervisory Board of STS S.A. in 2022

Full name	Fixed remuneration	Additional benefits
Zbigniew Juroszek	0.00	0.00
Mateusz Bromboszcz	29,290.00	0.00
Maciej Fijak	0.00	0.00

2) An explanation of how the total remuneration complies with the adopted remuneration policy, including how it contributes to the long-term performance of the company.

Remunerations of the members of the Management Boards of STS Holding S.A. in 2022 were in line with the Remuneration Policy and established in a way that contributes to ensuring the transparency of the remuneration costs of the Company and its Group and to the implementation of:

- a) business strategy of the Company and the Group of Companies,
- b) long-term interests of the Company and its shareholders respecting the interests of other shareholder groups (employees, clients) and
- c) the stability of the Company and the Group, understood not only as the financial stability of the Company, stability of its profit growth through proper and effective risk management, but also as employment stability.

Those remunerations also contributed to the implementation of the business strategy of STS Holding S.A., which is based on strengthening the market and competitive position of the Company and maximizing its value for shareholders by maintaining the highest quality offer that ensures a high level of margin.

Remunerations of Supervisory Board members in 2022 were based mainly on fixed components, allowing the Supervisory Board members to remain independent. Differences in the remuneration of individual members of the Supervisory Board result from their functions in the Supervisory Board and the Audit Committee.

3) Information on how the performance criteria have been applied

For 2022, the performance criteria have been defined in accordance with the Regulations of the "STS Holding S.A. Incentive Program" referred to in point 5).

The basic performance criterion is EBITDA for each period of results (financial year). EBITDA is calculated on the basis of the audited Consolidated Financial Statements for a given year, in accordance with the methodology presented and used for the Offering Memorandum of STS Holding S.A.

4) Information on the change, on an annual basis, in the remuneration, company's results and the average remuneration of employees of the company who are not members of the management board nor the supervisory board, in the period of at least last five financial years, cumulatively, in a manner which allows comparisons

Comparison of changes in the remuneration of the Members of the Company's Management Board over the last five financial years *

Year:	2017	2018	2019	2020	2021	2022
Mateusz Juroszek - President of the Management Board						
Annual remuneration	292,392	292,392	291,108	289,250	289,553	323 527

YoY change in%		0.00%	-0.44%	-0.64%	0.10%	11.73%
Zdzisław Kostrubała – Member of the Management Board,						
Annual remuneration	161,159	199,796	199,125	215,489	250,562	403,310
YoY change in%		23.97%	-0.34%	8.22%	16.28%	60.96%
Marcin Walczysko – Member of the Management Board						
Annual remuneration	243,216	262,710	319,392	324,477	347,918	388 270
YoY change in%		8.02%	21.58%	1.59%	7.22%	11.60%

* the amounts refer to the total remuneration in the STS S.A. Group; they do not include the variable remuneration in the form of shares

Financial results of the STS Holding S.A. Group of Companies over the last five * financial years

Year:	2018	2019	2020	2021	2022
Consolidated ** revenue from sales					
(in thousands PLN)	326,781	374,179	388,970	497,631	579,218
YoY change in%	-	15%	4%	28%	16%
Net profit attributable to the shareholders of the parent company					
(in thousands PLN)	134,595	117,027	102,198	131,338	168,905
YoY change in%	-	-13%	-13%	29%	29%

* Consolidated revenue from sales include revenue from bets, revenue from the sale of services and revenue from the sale of goods and materials.

The average annual remuneration of employees who are not members of the Management Board and Supervisory Board of STS S.A. * in the last five financial years.

Year:	2017	2018	2019	2020	2021	2022
Average annual remuneration						
Amount in PLN	26,670	31,485	35,987	38785	44,310	46,108
YoY change in%		18.05%	14.30%	7.78%	14.25%	4.06%

* individual data of STS S.A. - due to the fact that the STS Holding S.A. Group was established 10th March 2021 and there is no comparable data for the Group of Companies.

5) Number of granted or offered financial instruments and the main conditions for the exercise of rights from these instruments, including the price and date of exercise and their changes

Furthermore, on 21 October 2021 the Extraordinary General Meeting of STS Holding S.A. adopted a resolution on the issuance of registered series C shares addressed to members of the Management Board - Marcin Walczysko and Zdzisław Kostrubała - pursuant to which each of them was entitled to

subscribe for 70,000 shares of the Company at the issue price of PLN 1 per share equal to the nominal value. Series C shares were fully covered by a cash contribution. The rights to purchase 1 share of the Company at the price of PLN 1 were acquired on 21 October 2021. The purchased shares are subject to transferability restriction for a period of 12 months from the allotment date (Lock-up period). The allowance does not include the so-called vesting conditions that relate to the vesting period. The number of granted allowances is 140,000; in this case, there was a new issue of the underlying assets.

Furthermore, the Company's Extraordinary General Meeting of 21 October 2021 adopted a resolution on amending the Company's Articles of Association and authorising the Management Board to increase the share capital within the authorised capital, with the possibility for the Management Board to exclude pre-emptive rights to shares issued within the authorised capital, in whole or in part, upon consent of the Supervisory Board, in order to implement an incentive program for key employees of the Company's group of companies. The authorisation to issue shares within the authorised capital allowed the Management Board to issue up to 714,000 series D bearer shares. The motion to register series C shares in the register of entrepreneurs of the National Court Register has been filed on 9 November 2021.

In accordance with the Regulations of the "STS Holding S.A. Incentive Program" adopted by the General Meeting on 29 October 2021, the Supervisory Board of STS Holding S.A. on 22 December 2021 allocated shares under the "Program". The Supervisory Board identified two Members of the Management Board of STS Holding S.A. as those entitled to participate in the Program as Participants: Zdzisław Kostrubała and Marcin Walczysko - Members of the Management Board of STS Holding S.A.

The Incentive Program is implemented in the Performance Period 1 (for 2021), 2 (for 2022) and 3 (for 2023) The maximum number of Bonus Shares to which each of the above-mentioned Members of the Management Board will be entitled for the implementation of the Goals (EBITDA) for the Performance Period 1: 27,000 shares and for Performance Period 2: 30,000 shares.

The Supervisory Board, having familiarized itself with the Opinion of the Management Board of STS Holding S.A., dated on May 4 2022, on the rationale of excluding the pre-emptive right of the existing shareholders with regard to the issue of series D shares, decided to grant the consent to the Management Board's resolution on the increase of the Company's share capital within the limits of the authorized capital through the issue of series D shares, excluding the pre-emptive right of the existing shareholders entirely. At the same time, due to the 98% achievement of the EBITDA target for 2021 (based on the audited Consolidated Financial Statements of STS Holding S.A. for 2021), both Mr. Zdzisław Kostrubała and Marcin Walczysko received 25,920 Bonus Shares for the results for 2021.

On 28 March 2023, the Supervisory Board, having read the Opinion of the Management Board of STS Holding S.A. of 27 March 2022 on the legitimacy of excluding the pre-emptive right of the existing shareholders in the scope of the issue of series D shares, consented to the Management Board of STS Holding S.A. adopting a resolution on increasing the Company's share capital in limits of the authorised capital through the issue of series D shares, excluding the subscription rights of the existing shareholders in full. At the same time, due to the 100% implementation of the EBITDA goal for 2022 (based on the audited Consolidated Financial Statements of STS Holding S.A. for 2022), both Zdzisław Kostrubała and Marcin Walczysko received 30,000 Bonus Shares each for the performance in 2022.

6) Information on the use of the option to demand the return of variable remuneration components

The Company's Remuneration Policy does not provide for the possibility of claiming the return of variable remuneration components received by the Members of the Company's Management Board.

7) Information on deviations from the procedure for implementing the remuneration policy and derogations applied pursuant to Art. 90f, including an explanation of the grounds and procedure, and an indication of the elements subject to exceptions.

The Remuneration Policy for Members of the Management Board and Supervisory Board of STS Holding S.A. was introduced by the Resolution of the General Meeting of Shareholders of the Company on 29 October 2021, and in 2022 no derogations have been applied.

8) Information on benefits for the closest relatives for the members of the Management Board and the members of the Supervisory Board

Remuneration of the members of the Management Board and the Supervisory Board does not include cash or non-cash benefits granted to the relatives of such persons and such benefits were not granted.

V. SUMMARY

The Supervisory Board reviewed the remunerations and all benefits received by individual Members of the Management Board and the Supervisory Board of STS Holding S.A. and STS S.A. for compliance with applicable regulations and the Remuneration Policy.

The Supervisory Board confirms that the remuneration components paid to the Members of the Management Board and the Supervisory Board of STS Holding S.A. and STS S.A. are in line with the Company's Remuneration Policy and applicable legal regulations.

The Supervisory Board positively assesses the functioning of the Remuneration Policy for Members of the Management Board and the Supervisory Board of STS Holding S.A.

Katowice, 31 May 2023

Signatures:

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Maciej Fijak, Chairman of the Supervisory Board

On behalf of the Supervisory Board of STS Holding S.A.

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