

18 March 2024

Palasino Holdings Limited

Cricket Square, Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

Guotai Junan Capital Limited

27/F, Low Block
Grand Millennium Plaza
181 Queen's Road Central
Hong Kong

Guotai Junan Securities (Hong Kong) Limited

27/F, Low Block
Grand Millennium Plaza
181 Queen's Road Central
Hong Kong

(for itself and on behalf of the Hong Kong Underwriters (as defined in the prospectus of Palasino Holdings Limited dated 18 March 2024))

**Polish legal opinion
on framework of gaming operations in Poland**

An overview of the regulatory framework of gaming operations in Poland, particularly the requirements for getting casino license:

I. Regulatory framework of gaming operations in Poland

Gambling Regulations in Poland

Polish gambling law is regulated by the main legal act – Polish Act on gambling (Ustawa o grach hazardowych dated 19 November 2009, consolidated text Polish Journal of Laws Dz.U. 2023 item 227), hereinafter referred to as: "Polish Gambling Act"

According to Polish Act on gambling, gambling may be practiced in form of games of chance, odds bet, card games and slot games.

II. Detailed requirements to obtain gaming license (such as capital requirement, operating history, registered office, shareholding structure and background of shareholders, management, no liquidation, no non-compliance, etc.)

A license to operate a casino is granted by the minister responsible for public finances – as of today Minister of Finance.

Conducting activities in the field of number games, cash lotteries, telebingo games and slot machine games outside the casino is covered by the state monopoly. Arranging gambling games via the Internet, with the exception of betting and promotional lotteries, is covered by the state monopoly.

Conducting the activity of arranging gambling games in a casino is possible only in the form of:

- a) a joint-stock company or
- b) a limited liability company with its registered office in the territory of the Republic of Poland,
- c) a joint-stock or a limited liability company being located in EU Member State or a Member State of the European Free Trade Association (EFTA) which may act in Poland using a branch in Poland (registered in the register of entrepreneurs) or by concluding an agreement with a representative registered in Poland in the meaning of Article 7a of the Act on gambling.

Shares in the companies referred above may be held by:

- 1) a legal person or a company without legal personality whose registered office is located in the territory of a Member State of the European Union or a Member State of the European Free Trade Association (EFTA) - a party to the Agreement on the European Economic Area;
- 2) a natural person who is a citizen of a Member State of the European Union or a Member State of the European Free Trade Association (EFTA) - a party to the Agreement on the European Economic Area.

Minimum share capital for a company operating a casino amounts to PLN 4.000.000.

A company operating a casino must have a Supervisory Board in its structure.

Natural persons who are partners (shareholders) of a company conducting casino business representing at least 10% of the share capital, and members of the management board, supervisory board or audit committee or proxies, or actual beneficiaries of such a company should have an impeccable reputation, in particular they cannot be persons convicted of an intentional crime or an intentional fiscal offense in the territory of a European Union Member State.

Only entities that document:

- 1) legality of the sources of capital;
 - 2) no arrears with the payment of taxes constituting the income of the state budget and with the payment of customs duties;
 - 3) failure to pay social security and health insurance contributions
- may apply for the casino license. This obligation shall apply mutatis mutandis to entities that do not have their registered office or place of residence in the territory of the Republic of Poland.

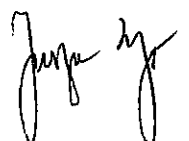
Companies applying for casino license shall document the compliance of the company's operations with the relevant regulations:

- 1) regulating counteracting money laundering and terrorism financing;
- 2) regarding accounting.

Application for casino license and license

During the tender procedure the tender commission rates the offers using the following criteria:

1. Attractiveness of the proposed location of the casino or cash bingo hall:
 - 1) building location
 - 2) building standard



2. Planned date of commencement of operations of the casino
3. Planned opening hours of the casino
- 3a. Declared gaming tax base that the entity applying for a license plans to achieve
- 3b. Size of the gaming casino area designated directly for gambling
4. Timeliness of commencing current activities after obtaining a license in the last three calendar years
5. Conformity of the amount of the gaming tax base previously declared by the entity that obtained a license as a result of a tender with the amount actually obtained in the activity conducted on the basis of such a license in the last three calendar years
6. Cases of withdrawal of a license, permit or other permit in the field of gambling or a request by the authority granting such a license or permits to remove identified deficiencies during the last three calendar years
7. Deficiencies in the current gambling activities, confirmed by the authority granting the license, permit or other authorization in the field of gambling or the authority competent for control matters during the last three calendar years
8. Profitability (net result in each of the last three years of operation):
9. Experience in the gambling market
10. Failure to comply with the conditions declared in the offer by the entity that obtained the license or permit as a result of the tender, ascertained by the authority granting the license or permit or the authority competent for control, within a period of three years from obtaining the license or permit, and the failure to comply with the conditions declared in the offer shall be taken into account be taken into account in tenders announced within six years of obtaining a license or permit.

Casino license fee

Casino license fee amounts to 32 000% of the basic quotation. In 2024 the basic quotation amounts to PLN 7.364,30. That means the casino license fee amount of **PLN 2.356.576**.

Financial security

The entity is obliged, within the deadline specified in the license or permit, to provide, in order to protect the financial interests of gambling participants and to secure gaming tax liabilities, a financial security in the amount of PLN 1,200,000 - in the case of running a casino, which may consist of (i) presentation of bank or insurance guarantees, and (ii) deposit of the appropriate amount in the bank account indicated by the authority granting the licenses or permits.

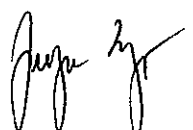
Tax rate on games

Tax rate on games such as slot machine games, cylindrical games, dice games, card games, excluding poker played in the form of a poker tournament amounts to 50% of an amount that is the difference between the sum of stakes deposited and the sum of winnings paid out.

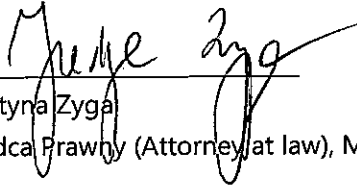
III. Opinion on any legal impediment for Palasino Poland to tender for casino license

We are of the view that there is no material legal impediment for Palasino Poland to tender for and obtain casino license given that Palasino Poland is able to demonstrate:

- (1) it meets all licensing requirements under the Polish Gambling Act,



- (2) its financial stability through its track record and ability to sustainably fund the operation of a casino, including (i) it has the share capital in the amount of PLN4 million, (ii) it recorded net profit for the latest three financial years,
- (3) its management has experience and expertise in the casino industry, and
- (4) its ability to comply with the technical aspects of operating a casino, including gaming equipment, IT infrastructure, security and surveillance systems.



Justyna Zyga

Radca Prawny (Attorney at law), Managing Partner, ECO Legal Kancelaria Radcy Prawnego