OVERVIEW

We are a gaming and leisure group comprising (i) one integrated land-based casino and resort and two full-service land-based casinos operating in the Czech Republic, primarily offering slot machines and table games, and (ii) three hotels in Germany and one hotel in Austria that offer accommodation, catering, conference, and leisure services. It is planned that the soft launch of the Online Gaming Business will take place during the first half of 2024.

As such, we are subject to the relevant laws and regulations in the Czech Republic, Germany, Austria and Malta.

OVERVIEW OF REGULATORY FRAMEWORK OF GAMING OPERATIONS IN THE CZECH REPUBLIC

Gambling Act

Games of chance operation in the Czech Republic is governed by conditions set in the Czech Act No. 186/2016 Coll, on gambling, as amended (the "**Czech Gambling Act**") effective from 1 January 2017, as the latest amended on 1 January 2024.

According to the Czech Gambling Act, gambling is defined as a game of chance; betting; or a lottery in which the participant wagers a bet, while no return on such bet is guaranteed, and the winning or loss on which is entirely or partly subject to chance or unknown circumstance. The following gambling types are regulated by the Czech Gambling Act and may be operated in the Czech Republic: a) lottery, b) odds bet, c) totalisator games, d) bingo, e) technical game, f) live game, g) raffle, and h) small-size tournament.

No gambling by persons under 18 is allowed. Moreover, the following gambling is prohibited in the Czech Republic:

a) whose type has not been stipulated by the Czech Gambling Act;

b) for which no licence has been issued, or that has failed to be duly notified under the Czech Gambling Act;

c) that fails to ensure fair conditions and a fair chance to win for all gambling participants;

d) that contravenes moral standards or public order;

e) at which, prior to its start, the gambling participant's age cannot be reliably verified;

f) at which the winning chance is dependent, whether partly or entirely, on a deposit invested by a subsequent gambling participant;

g) that does not enable the gambling participant to terminate the game at any time prior to wagering the bet;

h) that uses national emblems of an European Union Member State or a state that is a party to the Agreement on the European Economic Area, the European Union emblems, or their imitations;

i) at which the win or loss is decided, whether partly or entirely, by a chance or unknown circumstance that the bettor or the gambling operator may influence;

j) whose outcome has been known in advance;

k) in breach of

1. condition of its operation pursuant to the Gambling Act or its implementing decrees,

2. condition of its operation set forth in the basic licence,

3. an approved game plan,

4. gambling premises location licence, or

5. conditions for the operation of the gambling to be notified (*in case of raffle and small-scale tournament*); or

l) by means of a different model of technical equipment from that approved in the basic licence.

To apply for gaming licences under the Czech Gambling Act, background checks on applicants, gaming systems, financial security, corporate competency, and business plan of the applicants and the relevant companies are required to be conducted.

According to Article 6(1) of the Czech Gambling Act, gaming activities may be operated in the Czech Republic only by one of the following:

a) the Czech Republic;

b) a corporation with

1. a registered office in the Czech Republic; in another European Union Member State; or in a state that is a party to the Agreement on the European Economic Area;

2. an organisational chart that sets clear and comprehensive definitions of realms and decision-making powers;

3. an established board of directors, management board, supervisory board, or a similar control body;

4. fulfilled requirement of financial stability;

5. audited financial statements in accordance with the Auditors Act;

6. a transparent and unobjectionable origin of its resources; and

7. a transparent ownership structure, clearly identifying its beneficial owner according to the law regulating the register of beneficial owners.

According to the Czech Gambling Act, the operator is required to maintain and provide reporting for each game of chance via remote access.

The operator shall provide reporting via secure remote access to its server in the form of automated output in the specified scope, format and structure for the reporting period specified in the Reporting Decree, which cannot be shorter than one hour.

Gaming Licences

Initial Licence

According to the Czech Gambling Act, a initial licence issued by the Ministry of Finance is required for games of chance operation in the Czech Republic (the "**Initial Licence**"). An Initial Licence is a decision establishing eligibility for the issue of a Basic Licence. Issuing of the Initial Licence is not dependant on type of gambling game, whereas each operator is obliged to hold only one Initial Licence.

The Ministry of Finance issues the Initial Licence, and the Initial Licence can be issued only in case that the operator fulfils following conditions:

a) general fitness to operate gambling games,

b) clean criminal record,

c) debt-free status,

d) provision of a security deposit, and

e) the operator has neither entered liquidation nor has been found bankrupt under the law governing bankruptcy and the methods of its resolution or under a similar foreign regulation

   1. within the last three years preceding the date of issue of the Initial Licence; or

   2. for the duration of the legal effects of the Initial Licence.

According to Czech Gambling Act, the security deposit mentioned in paragraph d) above amounts according to the security deposit group to which he is assigned based on the amount of a decisive tax on gambling games.

During the licencing process, the applicant (future gambling operator) has to provide the Ministry of Finance with:

a) a list of persons who

   1. are members of the applicant's statutory body;

   2. are members of the applicant's supervisory body;

   3. are authorised to serve as a proxy holder; and

   4. are the beneficial owner of the applicant;

b) identification data of the individuals to whom the clean record / debt-free status requirement applies, or a document proving the clean record / debt-free status for foreign citizens;

c) a clean criminal record and a proof of the debt-free status;

d) financial statements certified by an auditor in accordance with the Auditors Act; and

e) a document proving fulfilment of conditions set out in para. a), d) and e) of previous article.

The Initial Licence is issued for indefinite period. However, the Ministry of Finance may require the operator to prove fulfilment of conditions set out for its issuance at any time. The Initial Licence is unassignable.

According to the Czech Gambling Act, the games of chance operator shall notify the Ministry of Finance without undue delay any changes of the facts based on which the Initial Licence has been issued and shall submit documents on such changes within 30 days from the date the change occurred.

Basic Licence

According to the Czech Gambling Act, a basic licence issued by the Ministry of Finance is also required for games of chance operation in the Czech Republic (the "**Basic Licence**"). A specific Basic Licence is required for each type of gambling operation (i.e., live games, technical games, bingo, etc.).

The Ministry of Finance issues the Basic Licence, and the Basic Licence can be issued only in the case that:

a) the Initial Licence was granted to the operator;

b) the gambling operation will not disturb public order;

c) proper gambling operation is guaranteed, and appropriate technical equipment is ensured;

d) the operator has the material, personnel and organisational conditions necessary for the performance of the gambling activities to the extent to which it intends to operate gambling; and

e) if the Basic Licence for the type of gambling has not been revoked in the last three years preceding the date of application for the basic Basic Licence.

During the licencing process, the applicant (future gambling operator) has to provide the Ministry of Finance with:

a) a game plan;

b) a document certifying a professional assessment and approbation of service worthiness;

c) a document identifying the server location in the event of a game during which the chance is not generated at the place of gambling participation; and

d) a document proving fulfilment of the condition set out in para. d) of the previous article.

The types of gambling permitted, the type of the game, and conditions of its operation are specified in the Basic Licence. The Ministry of Finance also approves the game plan and equipment with the help of which the gambling should be operated in the Basic Licence.

The Basic Licence is issued for a maximum period of six (6) years and is unassignable.

According to the Czech Gambling Act, the games of chance operator shall notify the Ministry of Finance without undue delay any changes of the facts based on which the Basic Licence has been issued and shall submit documents on such changes within 30 days from the date the change occurred.

Premises Licence

According to the Czech Gambling Act, a licence for the gambling premises location is required for bingo, technical game, and live game land-based operations (hereinafter the "**Premises Licence**").

Such licence is issued, under delegated jurisdiction, by the municipal authority of the municipality within whose territorial jurisdiction the gambling premises intended for the respective gambling type are to be located.

According to the Czech Gambling Act, the Premises Licence may be issued by the relevant municipal authority if:

a) the Basic Licence was granted to the operator;

b) if the gambling premise's location does not contradict the Czech Gabmling Act or a generally applicable decree of the municipality; and

c) if the Premises Licence for the gaming area of the same type on the same location has not been revoked in the last three years preceding the date of application for the basic Premises Licence.

During the licencing process, the applicant has to provide the relevant municipal authority with the following:

a) the Basic Licence for gambling operation;

b) a certificate of the operational worthiness of each technical device through which the game is operated;

c) a document of the legal grounds for the use of the premises intended for the gambling operation; the preceding does not apply if the legal grounds may be found in the public administration information system or its subsection serving as public records, a register, or a list; and

d) ground plan of the gambling area marking

    1. all entrances to the play area, windows and shop windows,

    2. the proposed use of individual rooms and spaces in the gaming area,

    3. the proposed zones for the operation of technical gaming, live gaming and bingo, depending on the type of gaming to be operated in the gaming area.

In the Premises Licence, the municipal authority approves the casino location, operation of the respective gambling type, opening hours of the gambling premises, and the number of the terminal devices through which the game will be operated, including their types, serial number(s) and the precise quantity of the game access points.

The Premises Licence is valid for the effective period of the Basic Licence, subject to a maximum term of three (3) years.

Regulation of Advertisement

Gambling games advertisement is regulated by Act No. 40/1995 Coll., on Regulation of Advertisement, as amended (the "**Act on Regulation of Advertisement**").

According to the Act on Regulation of Advertisement, a gambling advertisement shall not contain a message that gives the impression that participation in a game of chance may be a source of funds similar to the receipt of income from a dependent, self-employed, or other similar activity. The advertising of a gambling game shall not be directed at persons under the age of 18.

The gambling advertisement must also contain a statement prohibiting the participation of persons under 18 years of age in the gambling game and a prominent and clear warning worded as follows: "The Ministry of Finance warns: Participation in gambling may lead to addiction!".

Other Gambling Regulations

The Ministry of Finance of the Czech Republic issued the following decrees to implement the Czech Gambling Act:

- decree No. 208/2017 Coll. (the "**Decree on Technical Parameters**");

  The Decree on Technical Parameters lays down the scope of technical parameters for devices through which gambling games are operated, requirements for the protection and storage of gaming and financial data, and their technical parameters.

- decree No. 433/2021 Coll. (the "**Decree on Output Documents**");

  The Decree on Output Documents regulates requirements for the minimum elements of the output document and the provision of the output document to the authorities exercising state administration in the field of gambling. It applies mainly to certified persons executing the output documents (professional assessment, certificate of operability, registration mark, and a change assessment report).

- decree No. 10/2019 Coll., on the method of notification and transmission of information and data by gambling operators, the scope of transmitted data, and other technical data transmission parameters (the "**Reporting Decree**").

  The Reporting Decree regulates the method of notification and transmission of information and data by a gambling operator to the authorities supervising the Czech Gambling Act, the scope of the data to be transmitted, and other technical parameters of data transmission in the form of (a) remote access, which is secure remote access to the operator's server providing a chronological overview of gaming and financial data, (b) daily gaming reporting, (c) daily game logging; and (d) notification or transmission of other

information to the supervisory authorities. According to the Reporting Decree, the operator provides remote access as per (a) above three times per calendar day for a period of eight hours.

- decree No. 466/2023 Coll, on conditions of gambling games operation (the "**Decree on Conditions of Operation**").

  The Decree on Conditions of Operation regulates the prohibited risk bonuses, sets out conditions of recording and reporting obligation as well as sets out some conditions of operation of some types of gambling games.

Anti-money Laundering Regulation in the Czech Republic

As an operator of games of chance in the Czech Republic, Palasino Group is, besides conditions specified in the Czech Gambling Act, obliged to comply with AML regulation in the Czech Republic, which imposes strict obligations with respect to AML protections.

Rules and requirements related to anti-money laundering are defined in Czech Act No. 253/2008 Coll. on Selected Measures against Legitimisation of Proceeds of Crime and Financing of Terrorism (the "**Czech AML Act**").

According to the Czech AML Act, Palasino Group is considered as an obliged person (as defined in the Czech AML Act) who has to:

a) carry out the identification of its customers, during which Palasino Group shall record customer identification data and verify them through a certificate of identity, if the identity card includes them, and then record the type and number of the identity card, issuing country, issuing authority and the validity, and to verify if the holder matches the photo on presented identification card;

b) perform the customer due diligence during which Palasino Group shall mainly:

   1. monitor the business relationship with its customers, including scrutiny of transactions undertaken throughout the course of that business relationship to detect if these transactions are consistent with the obliged entity's knowledge about the customer, its business, and risk profile;

   2. perform scrutiny of the sources of funds or other property affected by a transaction or business relationship; and

   3. in respect of a business relationship with a politically exposed person, adopt adequate measures to identify the origin of his/her funds.

According to the Czech AML Act, Palasino Group shall also store the following for ten (10) years since the realisation of the transaction or termination of the business relationship:

a) customers identification data obtained under the Czech AML Act or based on directly applicable regulations of the European Union adjusting information accompanying wire transfers of funds;

b) the copies of stated documents for identification, if such documents were obtained;

c) data about the person and the date of first performed identification of a customer;

d) information and copies of documents obtained within the customer due diligence under the Czech AML Act;

e) documents explaining the exemption from identification and customer due diligence under the Czech AML Act.

Palasino Group is also obliged to store data and documents about realised transactions connected with the obligation of identification at least ten (10) years after the realisation of the transaction or the termination of the business relationship.

Moreover, Palasino Group as an obliged person, shall, under the Czech AML Act:

a) introduce and apply adequate strategies and procedures of internal control and communication to mitigate and effectively manage the risks of legitimisation of proceeds of crime and financing of terrorism identified in risk assessment; and

b) elaborate written system of internal rules, procedures, and control measures to fulfil the obligations stipulated in the Czech AML Act, a part of which shall also be a written risk assessment.

Labour and Safety Regulations in the Czech Republic

An employer must meet its obligations concerning mandatory social security, health insurance, and pension insurance contributions. The employer must consistently comply with these statutory obligations to meet its legal obligations to its employees. Under Czech law, the employer must make mandatory social security, health insurance, and pension contributions on behalf of its employees.

According to Act No. 262/2006 Coll., Labour Code, the employer is obliged to protect employees' occupational safety and health concerning the risks of possible danger to their lives and health, which relate to work performance.

Taxation in the Czech Republic

Gambling Tax

Taxation of gambling activities is governed by Act No. 187/2016 Sb., on gambling tax (the "**Act on Gambling Tax**").

According to Act on Gambling Tax, the gambling tax rate applicable to us is set out as follows:

a) 35% of the gross gaming revenue on technical games; and

b) 30% of the gross gaming revenue on live games.

Furthermore, the operator must pay income tax, value-added tax, and other taxes if the conditions set by the law are met.

Income Tax

Corporate income tax (CIT) is regulated by Act No. 586/1992 Coll., on Income Tax, and applies to the profits generated by all companies, including branches of foreign companies.

Czech resident companies are required to pay CIT on income derived from worldwide sources. Non-resident companies are required to pay CIT on income sourced in the Czech Republic.

The CIT rate is 21% and applies to all business profits.

Value Added Tax (VAT)

Under Czech tax law, VAT is regulated by Act No. 235/2004 Coll., and is generally charged at 21% on supplies of goods and services within the Czech Republic. Specified categories of goods and services (e.g. hotel accommodation and admission to cultural, sport, theatre, or similar facilities) are taxed at a reduced rate of 12%.

The VAT return must be filed and tax paid within 25 days after the end of the taxable period. The taxable period is a calendar month (or calendar quarter under certain circumstances).

Beside VAT return, all the VAT payers have to submit a report, as a "control statement". In the control statement, the VAT payers have to give detailed evidence of data from invoices that have been issued and received, so that the Czech Financial Administration can compare and check transactions with business partners of the tax payer to prevent tax evasion and fraud.

Intellectual Property Rights in the Czech Republic

Czech law stipulates complex protection of intellectual property rights regulating, in particular, but not limited to naming rights (trademarks and appellations of origin/geographical indications), to the results of technical creativity (inventions and utility models), as well as objects of industrial design (industrial designs), etc. The regulation of intellectual property is contained in several pieces of legislation, such as Act No. 441/2003 Coll., on Trademarks, Act No. 527/1990 Coll., on Inventions and Rationalisation Proposals, Act No. 478/1992 Coll., on Utility Models and Act No. 207/2000, of the Protection of Industrial Designs. In addition to protection at national level, the European Union regulation also provides for protection at European Union level, which is applicable also in the Czech Republic.

Intellectual property rights arise and acquire protection only in case they are registered with the competent authority (Czech Industrial Property Office in case of national intellectual property rights and European Union Intellectual Property Office in case of European Union level). Protection is stipulated only for a limited period of time.

Trademark is any designation provided that it is capable of distinguishing the goods or services of one person from those of another person and is able to be expressed in the trademark register. By registering, the proprietor of the trademark acquires the exclusive right to use it. The validity of the trademark is 10 years from the date of filing the trademark application. The validity may be extended by an additional 10 years on the basis of an application for trademark renewal filed within the statutory period.

On the basis of a registered intellectual property right, the holder may claim against the infringer to refrain from infringing and/or to remedy the consequences of the infringement, as well as the right to damages and unjust enrichment, according to Act No. 221/2006 Coll., on Enforcement of Industrial Property Rights.

OVERVIEW OF REGULATORY FRAMEWORK OF OPERATIONS OF HOTELS IN THE CZECH REPUBLIC

We operate one resort in the Czech Republic that offers accommodation, catering, conference, and leisure services. We are, therefore, subject to the relevant laws and regulations in Czech Republic.

Business incorporation

All businesses are required to go through registration process in accordance with Czech Act on Business Corporations (Act No. 90/2012 Coll.) to fulfil a business incorporation.

Furthermore, all legal entities must register themselves in the commercial register at their own request in order to do business.

Trade Authorisation (accommodation)

To provide accommodation services, the company is required to obtain trade authorisation. Accommodation services are classified under unqualified trades, where no professional competence is set as a condition for carrying out of the trade. In order to obtain trade authorisation businesses has to notify trade licencing office. The notification can be submitted at any municipal trade office, whereas the authorisation is valid since the date of the notification.

Trade Authorisation (hospitality)

All businesses providing hospitality services are also required to obtain trade authorisation. Hospitality services are classified under vocational trades, where a condition for carrying out of trade is the professional competence of responsible person determined by the company. Professional competence for vocational trades shall be documented by proof of, e.g. with a certificate of apprenticeship in a relevant field of education or recognition of professional qualifications issued by the recognition authority. However, if the responsible person is based in Czech Republic or in European Union, they can also prove their competence by proving they have been working in the field for a certain period of time ranging from 3 years to 6 years based upon the type of job position. Authorisation for hospitality includes activities consisting in the preparation and sale of food and beverages for immediate consumption in the establishment in which they are sold. As long as the nature of the trade is maintained, sales may be made by means of vending machines (beverages, snacks) or supplementary sales (e.g. tobacco products, souvenirs, basic toiletries). Registration is carried out at the trade licencing office.

Both trades (for accommodation and hospitality services) are granted for an unlimited period of time. The hotel operator must maintain hygiene standards and ensure customer safety. The hotel must post in a visible place the Accommodation Rules, which contain the conditions of accommodation, the rules of hotel operation, the range of services offered, including their use, and last but not least how to proceed in the event of unforeseen events.

OVERVIEW OF REGULATORY FRAMEWORK OF OPERATIONS OF HOTELS IN GERMANY

We operate three hotels in Germany that offer accommodation, catering, conference, and leisure services. We are, therefore, subject to the relevant laws and regulations in Germany.

Business Registration

All businesses are required to go through a registration process under Section 14 of the German Trade Regulation (Gewerbeordnung) to obtain a business registration.

Furthermore, all legal entities are registered automatically in the Commercial Register (Handelsregister).

Accommodation Guidelines (Beherbergungsstättenrichtlinie)

Hotels with more than 30 beds must also comply with the Accommodation Guidelines, which are subject to state legislation. These guidelines include requirements for escape routes, alarm systems and other building specifications.

Furthermore, Hesse, North Rhine-Westphalia and Lower Saxony (where our three hotels in Germany are located) have inspection regulations that directly affect hotel facilities. This applies in particular for the following systems:

- Systems for smoke evacuation or smoke control;
- automatic and non-automatic fire detection and alarm systems;
- Security power supplies;
- security lighting;
- electrical installations (under certain conditions);
- lightning protection systems; and
- hold-open systems of automatically closing fire and smoke doors.

Regular safety inspections by supervisory authorities are common practice for special buildings throughout Germany and are referred to under different terms, e.g. fire prevention inspection. Depending on the federal state, there are either binding requirements and deadlines for lodging facilities or only general guidelines that leave it to the discretion of the local authorities whether and how often such inspections are carried out.

State regulations for Hesse, North Rhine-Westphalia and Lower Saxony include:

- In Hesse, accommodation facilities with more than 30 beds are defined as special buildings in accordance with Section 2 (8) of the Hessische Bauordnung, Hessian Building Code (HBO). Furthermore, Hesse has implemented the Model Accommodation Establishment Ordinance, so that accommodation establishments with more than 12 guest beds fall within the scope. Vacation homes are not included. The Hessischen Verordnung über die Prüfung technischer Anlagen und Einrichtungen in Gebäuden, Hessian Ordinance on the Testing of Technical Installations and Equipment in Buildings (TPrüfV) applies to the inspection of technical building systems in Hesse. For lodging establishments with more than 100 beds, this stipulates an inspection prior to commissioning, after significant changes and otherwise every 3 years. In terms of fire protection, Hesse has the Verordnung über die Organisation und Durchführung der Gefahrenverhütungsschau, Ordinance on the Organisation and Implementation of the Hazard Prevention Review (GVSVO), which applies to lodging establishments with 30 or more beds. According to this, a risk prevention inspection must be carried out every 5 years.

- In North Rhine-Westphalia, accommodation establishments with more than 30 beds are defined as special buildings in accordance with Sections 54 and 68 (1) sentence 3 Bauordnung für das Land Nordrhein-Westfalen, Building Regulation for the State of North Rhine-Westphalia (BauO NRW). The Verordnung über Bau und Betrieb von Sonderbauten (Sonderbauverordnung), Ordinance on the Construction and Operation of Special Buildings (SBauVO) Part 2 also applies, which covers lodging establishments with more than 12 beds. The technical building systems of lodging establishments within the meaning of the SBauVO must be inspected in accordance with the NRW inspection regulations before commissioning, after significant changes and otherwise every 3 years. For electrical systems and certain other systems, a period of 6 years applies. Furthermore, according to the Gesetz über den Brandschutz, die Hilfeleistung und den Katastrophenschutz, Law on Fire Protection, Assistance and Civil Protection (BHKG), a fire prevention inspection must be carried out if a large number of people are at risk. When this is the case is at the discretion of the municipalities. However, a fire prevention inspection must be carried out at least every 6 years.

- In Lower Saxony, accommodation facilities are defined as special buildings in accordance with § 2 Niedersächsische Bauordnung, Lower Saxony Building Code (NBauO) from a number of 12 beds. According to the Allgemeine Durchführungsverordnung zur Niedersächsischen Bauordnung, General Implementing Regulation for the Lower Saxony Building Code (DVNBauO), the inspection of technical building systems must also be carried out for accommodation facilities with a number of 12 beds or more before commissioning, after significant changes and otherwise every 3 years. Furthermore, the Niedersächsisches Gesetz über den Brandschutz und die Hilfeleistung der Feuerwehr (Niedersächsisches Brandschutzgesetz), Lower Saxony Law on Fire Protection and Assistance by Fire Departments (NBrandSchG) stipulates that a regular fire inspection must be carried out for facilities where a large number of people are at risk, whereby the municipalities are granted discretionary powers.

Restaurant Permit

Some German states require a restaurant permit or concession (Gaststättenerlaubnis) to operate a restaurant and/or which offers alcoholic beverages, in other German states only a notification is required in this case. A restaurant in this sense is defined as an establishment that sells alcoholic drinks to the public. Restaurants that are part of a hotel are only covered by Restaurant Codes (Gaststättengesetze) if they are open to the public and not just to hotel guests. Whether a approval of a mere notification is required is regulated by State law and varies from state to state. The purpose of the permit/notification is to ensure that the establishment of the restaurant does not pose any risks (e.g. to the health and safety of guests, hygiene protection) or unacceptable nuisances (e.g. noise and odour emissions).

A restaurant permit or concession is required for example in the state of North Rhine-Westphalia (where the *Hotel Kranichhöhe* in Siegburg of Trans World Germany is located). Only a notification is required e.g. in the states of Hesse (where *Hotel Columbus* of Trans World Germany is located) and Lower Saxony (where *Hotel Auefeld* of Trans World Germany is located).

To obtain a permit, a number of records and other documents, such as a criminal record and health and safety training records, must be submitted. The Restaurant Codes of Baden-Württemberg, Bremen, Rhineland-Palatinate, Saarland, Saxony-Anhalt, Saxony and Thuringia require restaurants to apply for a permit if they wish to serve alcoholic beverages.

The federal states of Brandenburg, Hesse and Lower Saxony do not require a restaurant approval. However, restaurant owners must notify the relevant authority four weeks before opening if they intend to open a restaurant and if they intend to serve alcoholic beverages.

Safety and Hygiene

Hotel owners must also comply with a number of safety and hygiene regulations, including but not limited to the Operational Safety Ordinance (Betriebssicherheitsverordnung), the Infection Protection Act (Infektionsschutzgesetz), the regulations implementing provisions of Community legislation on food hygiene (Verordnungen zur Durchführung von Vorschriften des gemeinschaftlichen Lebensmittelhygienerechts) as well as the Non-Smokers' Protection Act (Nichtraucherschutzgesetz) and regulations relating the protection of minors.

Food hygiene

The central legal bases for complying with food hygiene requirements in hospitality businesses are:

- Food, Commodities and Feed Code (LFGB);
- Regulation (EC) No. 852/2004 on the hygiene of foods;
- Regulation (EC) No. 853/2004 laying down specific hygiene rules for food of of animal origin;
- Regulation on the hygiene of foodstuffs (LMHV);
- Regulation (EC) No. 1169/2011 — Food Information Regulation (LMIV);
- Food Information Implementing Regulation (LMIDV); and
- Infection Protection Act (IfSG).

Price Lists

Pursuant to Section 7, paragraph 3 of the Price Indication Ordinance (PAngV), a list showing the prices of the rooms essentially offered and, if applicable, the breakfast price must be displayed or displayed in a conspicuous place at the entrance or at the registration office of the hotel or restaurant.

If food or drinks are offered, their prices must be indicated in price lists in accordance with Section 7 paragraph 1 PAngV.

EMPLOYMENT AND SOCIAL SECURITY LAW IN GERMANY

In a typical German employment relationship, the parties agree all material terms and conditions of employment in a written contract. Employment contracts must consider any existing collective agreements and should also address company policies. Trans World Germany is bound by certain collective agreements.

There are also laws and regulations that regulate other general working conditions and benefits of employees, including among others, working hours, minimum wage, annual leave, sick pay, maternity protection leave, equal treatment and anti-discrimination, and employment termination.

The German social security system includes different types of insurance, which to a certain extent, are mandatory.

Accident Insurance

Every employer must insure his employees against accidents at work.

The Berufsgenossenschaft Nahrungsmittel und Gaststätten (BGN), a statutory accident insurance institution, is responsible for the hotel and catering industry. All employees are insured with the BGN against accidents at work and occupational diseases.

Pension Insurance and Unemployment Insurance

Employees are obliged to join both the public pension scheme and the unemployment insurance scheme.

Contributions are paid equally by the employer and the employee.

Health Insurance and Care Insurance

In addition, there is compulsory health and long-term care insurance based on the employee's taxable income, which is paid equally by the employer and the employee.

Pensions

By law, all employees are members of the state pension scheme established and operated by the German government.

TAXATION IN GERMANY

(Corporate) Income Tax

The income tax rate for individuals conducting business (including through a partnership) in Germany varies between 14% and 45% plus a solidarity surcharge of 5.5%.

Corporations are subject to corporate income tax plus a solidarity surcharge. Quarterly advance payments are due on 10 March, 10 June, 10 September and 10 December.

Trade Tax

German trade tax is a second type of income tax on business income. Trade tax income is based on income for (corporate) income tax purposes, adjusted by certain additions and deductions. In principle, it is levied on all domestic business operations, whether they are corporations, partnerships, branches or sole proprietorships. Conceptually, trade tax is a municipal tax, but without giving municipalities the right not to levy the tax. Rates are set individually by each municipality. Trade tax rates regularly vary between 7% and 17.15% depending on the municipality where the taxpayer's business is located. Quarterly advance payments are due on 15 February, 15 May, 15 August and 15 November.

Value Added Tax

In Germany, VAT is levied on the supply of goods and services to both private consumers and businesses. In principle, only private consumption is effectively charged with VAT.

Two VAT rates apply to goods and services supplied in Germany: currently the standard rate for goods and services is 19%, while some services and certain privileged goods — mainly food products — are taxed at 7%. VAT for the "letting of living and sleeping quarters which an entrepreneur makes available for the short-term accommodation of strangers, as well as the short-term letting of camping sites" is subject to Art. 5 No. 1 of the Act on the Acceleration of Economic Growth and the amendment to § 12 para. 2 no. 11 UStG, since 1.1.2010 the reduced VAT tax rate is 7%.

OVERVIEW OF REGULATORY FRAMEWORK OF OPERATION OF HOTELS IN AUSTRIA

We operate one hotel in Austria that offers accommodation, catering, conference, and leisure services. We are, therefore, subject to the relevant laws and regulations in Austria.

Trade Licence

A trade licence is a document issued by the trade authority (Gewerbebehörde), the only licencing authority to grant licences in Austria, which processes all applications for new licences for hotels and restaurants under the provisions of Trade Act Gewerbeordnung, ("**GewO**"). According to section 111 GewO the trade licence for hospitality industry is subdivided into a) hotel licence and b) restaurant (dishes and beverages of all kind) licence. It is possible to apply of one or both licences. Trans World Austria has obtained both hotel licence and restaurant licence.

The GewO states that operators of the hotel and restaurant industry shall maintain the business premises and any other business premises and their furnishings and equipment in good condition at all times and shall ensure that the business premises and any other business premises, the furnishings and the management of the business meet the requirements appropriate to the type of business.

Both licences, the hotel and the restaurant licence are granted for an unlimited period of time. Major changes in the operation require further approval of the authority. It is the responsibility of Trans World Austria to ensure that its premises comply and continue to comply with the licence conditions and other regulations or laws of Austria.

Building permit and Business facility permit

Where the business premises are capable of generating risks, nuisances or impairments to the business owner, customers or neighbours, a business facility permit (Betriebsanlagengenehmigung) will be required. In the hotel business this applies for premises with more than 30 beds. Trans World Austria has a valid business facility permit.

The approval notice from the trade authority ordinarily imposes certain conditions. These are obligations which the respective owner of the business facilities must comply with. Approved business facilities must be regularly reviewed (usually every 5 years) to confirm that they are in line with the approval notice and the applicable rules under trade law. Any variations (such as the installation of new machines and structural alterations) will generally be subject to further approval.

The company may carry out the review itself or employ the services of an independent and accredited certification body for management system, personal and product certification to perform regular audits.

EMPLOYMENT LAW IN AUSTRIA

Employment law in Austria is divided into individual and collective employment law. Individual employment law refers to the employer and employee relationship, the employment agreement and employment agreement law. Collective employment law covers, in particular, the law pertaining to collective agreements and works constitutions.

As a general principle, employer and employee may negotiate the content of the employment agreement on a private contractual basis. However, the applicable statutes and collective agreements often prescribe minimum standards (e.g., for minimum wage, overtime supplements, maximum permitted working hours and annual leave).

Collective agreements

Collective agreements are agreements made in writing between the employer entities competent to make collective agreements (e.g., the Austrian Chamber of Commerce or Wirtschaftskammer Österreich — WKÖ) and employees (Austrian Trade Union Confederation or Österreichischer Gewerkschaftsbund — ÖGB). In the hotel business, two collective agreements, namely the "Collective agreement for employees hotel and restaurant industry" and the "Collective agreement for workers in hotel and restaurant industry" apply.

The collective agreements are mandatory. Minimum working conditions set out in collective agreements must be met, and can be exceeded.

In addition to compensation, collective agreements also include other material terms of employment such as working time, entitlements to unpaid leave or termination dates/notice periods.

Employment of (non-European Union) aliens in Austria

Employment of (non-European Union) aliens in Austria is subject to various restrictions and controls under the Austrian Employment of Aliens Act (German Ausländerbeschäftigungsgesetz short: AuslBG).

TAXATION IN AUSTRIA

The list of taxes below is not conclusive. It covers the most important taxes for a business.

Value-added tax

Austrian value-added tax (VAT) applies to turnover generated by profit-oriented business entities within Austria, irrespective of whether the entrepreneur is domiciled in Austria or not. The rate of VAT is, as a general rule, 20%, and in certain circumstances a reduced rate of 10% or 13% will apply.

Corporate Income Taxation

Austrian-based corporations (AG and GmbH) are subject to corporate income tax ("**CIT**") and in general also to trade tax, which is a profit tax levied by the municipalities. CIT is charged at a rate of 23% on the taxable income. Minimum corporation tax per year is EUR500.

Social Security

Under the rules of the General Social Security Act (German Allgemeines Sozialversicherungsgesetz, "**ASVG**") employees are automatically covered by health, accident and pension and unemployment insurance. The employer is responsible for registering the employee with the relevant social security fund Austrian Health Insurance (German Österreichische Gesundheitskasse, "**ÖGK**") and cover commences on the date the employee starts to work. Social security contributions are paid by both employee and employer and are directly deducted from wages or salaries by the employer. In addition the employer is obliged to contribute to the employee severance fund under the severance fund act (German Betriebliche Mitarbeiter- und Selbständigenvorsorgegesetz "**BMSVG**"), contributions are also deducted from wages and salaries and paid to ÖGK by the employer.

OVERVIEW OF REGULATORY FRAMEWORK OF GAMING OPERATIONS IN MALTA

As we develop the Online Gaming Business through Palasino Malta, we are subject to the relevant laws and regulations in Malta.

Malta Online Gaming Regulatory Framework

The Gaming Act, Chapter 583 of the Laws of Malta ("**Gaming Act**"), was adopted by Malta's unicameral parliament on 8 May 2018 following a unanimous vote in favour.

Malta's approach to gaming regulation operates within a structured three-tier framework ("**Malta Regulatory Framework**"):

- **Gaming Act**: At the forefront is the Gaming Act itself, serving as the principal legislation governing all aspects of gaming within Malta and affording the relevant powers to the MGA;

- **Regulations**: The second tier encompasses regulations, which are disseminated through legal notices by the Minister responsible for the MGA, acting on the MGA's recommendations. These regulations meticulously outline the prerequisites for licence issuance and address specific cross-cutting concerns; and

- **Directives and Instruments**: The third tier consists of directives, as well as other binding and non-binding instruments. These instruments are published by the MGA and contain the detailed processes and requirements.

The MGA also collaborates with other public authorities to develop guidance documents and analogous tools, such as with the Financial Intelligence Analysis Unit ("**FIAU**"), where the MGA has released implementing procedures ("**FIAU Implementing Procedures**") and the Office of the Information and Data Protection Commissioner ("**IDPC**") in respect of compliance with operators' data protection obligations. The FIAU Implementing Procedures are tailored to offer specialised guidance to MGA licencees regarding specific mandates related to AML and counter-terrorism financing obligations.

The MGA is the single authority responsible for the regulation, governance, and supervision of gambling operators in Malta and its remit covers both land-based and online (or remote) gambling. The MGA has general supervisory and enforcement powers, as well as the power to grant licences.

Legality of Providing Gambling Services and Licencing Regime in Malta

Any person carrying out a gaming service or providing a critical gaming supply from Malta or to any person in Malta, or through a Maltese legal entity, must possess a valid licence or be exempt from the requirement of a licence under the Gaming Act or any other regulatory instrument. The provision of a service or supply which requires a licence from the MGA without the necessary licence or the aiding or abetting of such a provision without the necessary licence constitutes a criminal offence.

Depending on whether a prospective gambling operator seeks to provide business-to-business ("**B2B**") online gaming services or business-to-consumer ("**B2C**") online gaming services, the MGA may issue either:

- a B2B "critical gaming supply" licence; or
- a B2C gaming services licence.

Licences are channel neutral and game neutral. However, licencees need to obtain specific approvals from the MGA to supply different activities falling under different types of games. Licences are issued for a period of ten (10) years, subject to the imposition of new conditions by the MGA and that renewal is made within a pre-established timeframe before the expiry of the licence.

A person applying for a licence with the MGA should establish a company in the European Union or the European Economic Area.

Gaming Compliance and Reporting Obligations

Compliance Obligations

The Malta Regulatory Framework is a point of supply framework. This means that the Gaming Act and the regulations and directives adopted as part of the Malta Regulatory Framework do not prevent MGA B2C gaming service licence holders from offering their online gaming services to consumers in other jurisdictions. B2C gaming service licences are, however, issued by the MGA subject to the standard licence condition that the B2C gambling operators must exercise due care in selecting the markets in which to pursue their activities and the advertising thereof, ensuring that their activity is underpinned by justifiable arguments. Countries where online gaming services may be provided to consumers are therefore not prescribed under the Malta Regulatory Framework; rather, it is an obligation of the MGA B2C gaming service licence holders to ensure that their operations are not breaching applicable laws of the countries in which they provide services.

The Gaming Definitions Regulations (S.L. 583.04) defines a "minor" as an individual under the age of 18 years. The Gaming Player Protection Regulations (S.L. 583.08) mandate that operators ensure the implementation of appropriate controls, policies, and procedures to prevent minors from participating in gaming activities.

A "vulnerable person" is defined in the Gaming Definitions Regulations (S.L. 583.04) as any person who is known to have a gambling problem, any person whose social circumstances may make him more susceptible to problem gambling, or any person who, by virtue of a defect in the capacity of will and understanding, is rendered more susceptible to problem gambling. This shall include players who are undergoing a period of self-exclusion, persons who have been diagnosed by medical professionals as being pathological or otherwise problem gamblers, persons who are currently seeking treatment for problem gambling, and persons under the influence of alcohol or drugs.

Directive 2 of 2018, commonly known as the Player Protection Directive, places additional responsibility on operators to protect minors from accessing gaming services or holding player accounts through internal policies and controls, and have in place safeguards to identify vulnerable persons and provide with responsible gaming features.

The MGA's overriding objective aims to provide a safer gambling environment to a player which includes the operator implementing necessary policies, procedures and controls. For this reason, the Malta Regulatory Framework provides for different requirements on operators in order to detect problem gambling and also to provide safeguards such as self-exclusion and setting of limits. Players who are minors or self-excluded should not be allowed to participate in online gaming.

Without prejudice to any other requirements in any other law or regulatory instrument, such policies and controls should include a requirement for players to affirm that they are of legal age before utilising a gaming service. In cases where a minor or vulnerable person manages to access the gaming service, the operator is obligated to take immediate steps to prevent further use by the individual and to restore him to the state prior to playing. This includes returning any wagered funds and confiscating any winnings obtained.

In accordance with the Gaming Compliance and Enforcement Regulations (S.L. 583.06), if, for any reason, a person precluded from gambling manages to play and wager bets on an operator's site, the MGA may, at its sole discretion, issue orders, warnings, administrative penalties, add and/or remove conditions attached to the licence, file a report with the police to commence criminal proceedings, and/or suspend or cancel the gaming licence. It is likely that a breach of such obligation imposed on the operator by the MGA will result in an administrative fine issued by the competent authority, unless there are repeated offences and the operator fails to demonstrate efforts to rectify the issue.

A B2C Licencee must also ensure that any providers of critical gaming supplies are in possession of the relevant MGA licence or an equivalent licence issued by a competent authority in an European Union or an European Economic Area Member State and subsequently recognised by the MGA.

The Malta Regulatory Framework includes the Gaming Commercial Communications Regulations (SL583.09) which set out the general obligations and limitations related to advertisement of licensable games. The obligations prescribe limits to contents of commercial communications, as well as mandatory minimum information, and targeting restrictions. The Gaming Commercial Communications Regulations also provide a general prohibition on advertisements being placed in public places, with a limited number of exemptions and prescribe rules applicable to sponsorships by gaming operators.

As advised by our Maltese Legal Advisers, according to the Malta Regulatory Framework as defined in this sub-section, only minors and self-excluded persons are explicitly prohibited from participating in online gaming.

Enforcement Actions

The Gaming Act stipulates the enforcement actions that the MGA may impose in case of breach of the Malta Regulatory Framework.

The Third Schedule to the Gaming Act lists a set of breaches which are considered as criminal offences against the Gaming Act, namely:

a) Providing a service and, or supply which requires an authorisation without the necessary authorisation, or aiding, abetting or otherwise such a provision.

b) Acting contrary to, or not adhering to the fullest extent possible to, an order issued by the MGA.

c) Committing one or more of the breaches envisaged in articles 29 (related to counterfeiting and forgery), 30 (related to the use of premises for provision of unlawful gaming), 32 (related to the failure to provide documents as requires by the MGA) and 33 (related to providing of false, misleading or incomplete statements to the MGA) of the Gaming Act.

d) Preventing, obstructing, or delaying any Police officer or any officer of the MGA lawfully authorised to enter any premises suspected to be used in contravention of any regulatory instrument, or giving an alarm or warning in case of such entry.

e) Failing to effect payments to the MGA when lawfully due.

f) Failing to effect payments to players when lawfully due:

   provided that where it is disputed whether a payment is lawfully due or otherwise, such payment will be deemed to be lawfully due for the purpose of this provision when there is a final binding decision to that effect by a competent court of law or dispute resolution entity.

g) Failing to seek the prior approval of the MGA, as may be required by any regulatory instrument, when effecting changes which require such prior approval.

h) Failing to ensure the integrity and availability of essential regulatory data.

i) Any other breach specified in any regulatory instrument which is defined therein as giving rise to a criminal offence or an offence against the Gaming Act.

A breach of any of the above mentioned may result in a fine of not less than EUR10,000 and not more than EUR500,000 or to imprisonment for a term of not more than five years, or to both such fine and imprisonment. Where the person convicted of an offence against the Gaming Act is a recidivist of an offence against the Gaming Act, he shall be liable to a fine of not less than EUR20,000 and not more than EUR1,000,000, or to imprisonment for a term of not less than six months and of not more than six years, or to both such fine and imprisonment.

Where the person so found guilty is the president, director, manager, or any other officer exercising executive functions in a company or other undertaking, organisation, club, society or other association or body of persons, the said person shall be deemed to be vested with the legal representation of the same company or other undertaking, organisation, club, society or other association or body of persons, which shall accordingly be liable in solidum with the person found guilty for the payment of the said fine.

However, without prejudice to any other proceedings to which the person in breach may be liable to under any other law, in the case of any breach mentioned above, the MGA may, with the concurrence of the person committing the breach and subject to the rectification of the breach, impose a penalty not exceeding EUR500,000 for each infringement or failure to comply and, or a sum not exceeding EUR5,000 for each day of infringement or non-compliance, and, or any other administrative sanctions as an alternative to criminal court proceedings. Upon conclusion of such agreement the offender's criminal liability under the Gaming Act with regard to the offence or offences in relation to which the agreement has been entered, shall be extinguished.

In accordance with the Gaming Compliance and Enforcement Regulations, the MGA at its sole discretion may issue orders, warnings, administrative penalties, add and/or remove conditions attached to the licence, file a report with the police to commence criminal proceedings, and/or suspend or cancel the gaming licence.

The administrative penalties which may be imposed by the MGA for other administrative breaches not mentioned above, may not exceed EUR25,000 for every breach or non-compliance and/or EUR500 for each day on which the breach persists.

AML Compliance and Reporting Obligations

AML and terrorist financing are regulated by the following laws and regulations:

- The Prevention of Money Laundering Act (Chapter 373 of the Laws of Malta);
- The Prevention of Money Laundering and Funding of Terrorism Regulations (S.L. 373.01) ("**PMLFTR**");
- Directive on the Key Function of the Prevention of Money Laundering and the Financing of Terrorism (Directive 3 of 2020);
- The FIAU Implementing Procedures Part 1 and the FIAU Implementing Procedures Part 2 (Remote Gaming Sector);
- The Criminal Code (Chapter 9 of the Laws of Malta); and
- The European Union Directive 2015/849 of 20 May 2015 (4th AML Directive).

The FIAU is Malta's national agency responsible for the collection, collation, processing, analysis and dissemination of information to combat money laundering and the funding of terrorism. The FIAU Implementing Procedures are binding on all subject persons and provide comprehensive guidance which assist subject persons to fulfil their obligations under the PMLFTR.

The 4th AML Directive classifies gambling operators as "subject persons" who are subject to stringent compliance, reporting and procedural obligations.

A B2C gaming licencee must adhere to the below obligations pursuant to the PMLFTR:

a. Risk assessment;

b. Appointment of a money laundering reporting officer;

c. Identification and verification of a customer and, where applicable, an ultimate beneficial owner;

d. Ongoing monitoring and record keeping;

e. Reporting obligations; and

f. Awareness and training for staff.

Identification and Verification of a Customer

In terms of identification and verification of a customer, Regulation 7 of the PMLFTR provides that subject persons are to adopt Customer Due Diligence ("**CDD**") measures. Furthermore, CDD shall consist of the identification and verification of the customer on the basis of the documents, data or information obtained from a reliable and independent source, including, where available, electronic identification means. The verification of identity is one of the aspects that can be outsourced.

The subject person should conduct a customer risk assessment and categorise the customer as either low-risk, medium-risk or high-risk. Depending on the categorisation under which the customer falls, different CDD measures apply. Simplified CDD is possible where there is low AML or counter terrorist financing risk.

On the other hand, subject persons are to apply enhanced CDD ("**EDD**") measures when a high AML or counter terrorist financing risk is detected. EDD includes the collecting of more detailed information on source of wealth and source of funds as well as implement additional measures which are deemed necessary in order to mitigate the risks identified. EDD measures should be implemented in respect of the following irrespective of the actual risk presented:

a. Politically Exposed Persons;

b. Transactions that are complex, unusually large, conducted in an unusual pattern, or have no apparent economic or lawful purpose; and

c. Occasional transactions or business relationships or transactions which involve non-reputable jurisdictions.

Taxation in Malta

Corporate income tax

A company incorporated in Malta is automatically considered as resident and domiciled in Malta, subject to corporate income tax on its worldwide chargeable income at the rate of thirty five percent (35%), in terms of the Income Tax Act (Chapter 123 of the Laws of Malta) and the Income Tax Management Act (Chapter 372 of the Laws of Malta).

Malta currently operates a system of full imputation, whereby, when a company established in Malta distributes dividends to its shareholders out of profits on which tax has been paid in Malta, the net dividend is grossed up by a tax credit equal to the tax borne in Malta, resulting in no further tax in Malta on the dividends at the level of the shareholder.

Malta also provides for a system of tax refund, whereby the shareholders, upon receipt of dividends from a Malta company, may be entitled to a refund of the Malta tax paid by a Malta company.

Value Added Tax ("VAT") Within the Gaming Industry

Item 9 Part 2 Fifth Schedule to the Value Added Tax Act, (Chapter 406 of the Laws of Malta) ("**VATA**") provides that the provision of "Government lotto and lotteries, the supply of agency services related thereto, and such other supplies related to gambling as may be approved by the Minister" are exempt without credit supplies of services.

On 21 November 2017, guidelines were issued by the Office of the Commissioner for Revenue regarding the application of Item 9 Part 2 of the Fifth Schedule to the VATA which became effective as from 1 January 2018. The guidelines identified those supplies related to gambling which, when supplied in Malta in terms of the general place of supply rules, shall be treated as exempt without credit supplies.

In terms of the guidelines, the supply of sportsbook, betting on events, lotto, lottery, bingo and live casino games are exempt without credit supplies. Whereas the supply of random number generator (RNG) casino and poker are considered as taxable supplies when supplied to players located in Malta.

Companies which are established in Malta, and which carry out taxable supplies or mixed supplies (taxable and exempt) should be registered in Malta for VAT purposes under the full VAT registration (commonly referred to as article 10 VAT registration).

Gaming tax and compliance contributions

A B2C Licencee must pay a gaming tax of 5% of the gaming revenue generated from the gaming services provided by a B2C Licencee to players physically present in Malta. Gaming tax is a tax on consumption and applies on all verticals and all types of gaming services provided to Maltese players. No gaming tax is charged on supplies to non-Maltese players.

Furthermore, a compliance contribution is payable monthly. The compliance contribution is based on monthly gross gaming revenue and different brackets provide for different percentages:

- For type one gaming services, the compliance contribution fee shall not be less than €15,000 per year and shall not exceed €375,000;
- For type two gaming services, the compliance contribution fee shall not be less than €25,000 per year and shall not exceed €600,000;
- For type three gaming services, the compliance contribution fee shall not be less than €25,000 per year and shall not exceed €500,000; and
- For type four gaming services, the compliance contribution fee shall not be less than €5,000 per year and shall not exceed €500,000.

OVERVIEW OF REGULATORY FRAMEWORK OF GAMING OPERATIONS IN THE REPUBLIC OF POLAND

Gambling Regulations

The gambling law of the Republic of Poland is regulated by the main legal act, Polish Act on Gambling (dated 19 November 2009, consolidated text Polish Journal of Laws Dz.U. 2023 item 227) (the "**Polish Gambling Act**"). According to Polish Gambling Act, gambling may be practiced in form of games of chance, odds bet, card games and slot games. No gambling by persons under 18 is allowed, apart from raffles and promotional lotteries.

Requirements to Obtain Casino Licence

A licence to operate a casino is granted by the minister responsible for public finances, namely the Minister of Finance. A casino licence is granted for six years. 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;

b) a limited liability company with its registered office in the territory of the Republic of Poland; or

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 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 the Polish Gambling Act.

Shares in the companies referred above may be held by:

a) 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 — a party to the Agreement on the European Economic Area;

b) 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 PLN4 million. 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 offence in the territory of a European Union Member State.

Only applicants that are able to provide the documents proving (1) the 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, and (3) no failure to pay social security and health insurance contributions, may apply for the casino licence. Applicants applying for casino licence shall also document the compliance of the company's operations with the regulations in relation to (1) counteracting money laundering and terrorism financing, and (2) accounting policy. The applicant applying for a licence or permit shall submit draft regulations for the organised gambling game to the competent authority to grant relevant approval.

Criteria during tender procedure

During the tender procedure, the tender commission rates the application using the following criteria:

a) attractiveness of the proposed location of the casino or cash bingo hall, including (1) building location, and (2) building standard;

b) planned date of commencement of operations of the casino;

c) planned opening hours of the casino;

d) declared gaming tax base that the applicant applying for a licence plans to achieve;

e) size of the gaming area designated directly for gambling;

f) timeliness of commencing current activities after obtaining a licence in the last three calendar years;

g) conformity of the amount of the gaming tax base previously declared by the applicant with the amount of the gaming tax base actually obtained in the activity conducted in the last three calendar years;

h) cases of withdrawal of a licence, permit or other permit in the field of gambling, or a request by the authority to remove identified deficiencies during the last three calendar years;

i) deficiencies in the current gambling activities identified and confirmed by the authority during the last three calendar years;

j) profitability (net result in each of the last three years of operation);

k) experience of the management in the gambling market;

l) failure to comply with the conditions declared in the application by the applicant that obtained the licence or permit, ascertained by the authority.

Casino licence fee

Casino licence fee amounts to 320 times of the basic quotation. In 2023, the basic quotation amounts to PLN7,364.30. Thus the casino licence fee amounts to PLN2,356,576.

Financial security

The applicant is obliged, within the deadline specified in the licence 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 PLN1.2 million for 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 licences 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.

LAWS AND REGULATIONS IN RELATION TO DATA PROTECTION

Regulation (EU) 679/2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data (General Data Protection Regulation, GDPR) largely harmonises data protection law at European Union level. The GDPR became directly applicable on 25 May 2018 and does not require transposition into member state law (unlike the prior European Union data protection directive).

Although directly applicable in all European Union member states, the GDPR does not provide for full harmonisation. It leaves room for national laws to some extent in some areas (for example, for data protection relating to employees or the processing of health data). Therefore, businesses will have to assess on a case-by-case basis whether the GDPR and/or specific national laws (on federal or state level) need to be met.

As a general rule, any processing of personal data is only permitted if either a statutory justification exists, or the consent of the data subject has been granted. The grant of consent must be clear and fairly detailed and based on the free decision of the data subject. Specific processing situations (for example, transfers of personal data outside the

European Union, or processing health or other sensitive data) may be subject to further restrictions. European Union data protection law does not differentiate between consumers and non-consumers so that the requirements on the processing of personal data generally apply to the processing of any data of natural persons by a company, irrespective of whether that natural person acts in a personal or business context.

As data protection law is relevant whenever personal data is concerned, it has to be observed throughout all industries and in various contexts, and plays a major role in legal compliance. Also, the transfer of personal data within international groups of companies has become a major challenge for corporate compliance. With considerable accountability and documentation obligations as well as potential administrative fines of up to EUR 20 m or up to 4% of the total worldwide annual turnover of the preceding financial year, whichever is higher, data protection compliance needs to be a core element and requires early top management attention.

The applicability of the GDPR does not necessarily require any form of establishment in the European Union. With its extraterritorial reach, the GDPR also applies in case non-European Union businesses offer goods or services to data subjects located in the European Union, or monitor the behaviour of data subjects located in the European Union.

There are several data protection authorities at the federal and state level which are responsible for monitoring the application of the GDPR and other data protection laws. Such authorities may act on their own initiative (for example, random checks at randomly selected companies) or following data subjects' complaints. They are also active in promoting public awareness on data protection issues as well as in providing advice, such as by publishing regulatory authorities general guidance. These authorities also have the power to enforce data protection law, for example, by carrying out investigations, issuing orders to amend/cease certain processing activities or by imposing fines.