Appendix no. 1 to the resolution of the Supervisory Board no. 15/RN/2022 of 31 May 2022

**Report on the activities of the Supervisory Board for the financial year ended on 31 December 2021  
including an assessment of the Company's position on a consolidated basis, taking into account  
system of internal control, risk management, compliance and the internal audit function,  
financial reporting and operations, company's application of the principles of corporate governance and the manner of fulfilling the information obligations concerning their application specified in  
the Stock Exchange Regulations and regulations concerning current and periodic information provided  
by issuers of securities, together with information on the actions taken by the Supervisory Board  
to make this assessment.**

The composition of the Supervisory Board as at 31 December 2021 was as follows:

1. Piotr Mondalski – Chairman of the Supervisory Board and Independent Member of the Supervisory Board,
2. Jan Szmidt – Vice Chairman of the Supervisory Board,
3. Dariusz Górka – Independent Member of the Supervisory Board
4. Grzegorz Maciąg – Independent Member of the Supervisory Board,
5. Wojciech Papierak – Independent Member of the Supervisory Board,
6. Michał Kobus – Independent Member of the Supervisory Board,
7. Beata Szmidt – Member of the Supervisory Board.

The assessment of the fulfilment of the independence criteria by members of the Supervisory Board was made on the basis of written statements submitted by the members of the Supervisory Board. The Supervisory Board does not have information that there are any relationships or circumstances which can affect the fulfilment of independence criteria by members of the Supervisory Board other than those specified in the submitted statements. The Independent Members of the Supervisory Board have no actual or significant relationships with any shareholder holding at least 5% of the total number of votes in TOYA S.A

In 2021, no member of the Supervisory Board was delegated to personally perform supervisory activities and the Supervisory Board held 5 meetings and adopted 29 resolutions

1. **Audit Committee**

In connection with the commencement of the new term of office on 31 August 2020, the Supervisory Board, pursuant to Art.128 and Art. 129 section 1 of the Act of 11 May 2017 on statutory auditors, audit firm sand public supervision (consolidated text, Journal of Laws of 2020, item 1415, as amended), appointed from among its members the Audit Committee on 8 September 2020 with the following composition:

1. Dariusz Górka – Chairman of the Audit Committee and Independent Member of the Audit Committee,
2. Grzegorz Maciąg – Independent Member of the Audit Committee,
3. Jan Szmidt,
4. Piotr Mondalski – Independent Member of the Audit Committee.

The Audit Committee member with knowledge and skills in accounting or  
auditing is Dariusz Górka. Dariusz Górka is a graduate of, among others, Stern School of Business (New York, USA), where he completed MBA studies with a specialisation in finance, during which he acquired knowledge and skills in the aforementioned area. He remains a member of the Institute of Management Accounting (IMA) in Newark (New York, USA)

A member of the Audit Committee with knowledge and skills in the industry in which TOYA operates S.A. is Jan Schmidt. Jan Szmidt is the originator and co-founder of the Company and has been associated with the Company since its beginning. He has experience in business development, confirmed by  
many successes on the Polish and international market. He studied at the Faculty of Civil Engineering and at the Faculty of Information Technology and Management of the Wrocław University Science of Technology.

In 2021 the Audit Committee held four meetings and passed 7 resolutions.

1. **Summary of the work of the Supervisory Board and the Audit Committee in 2021.**

In its work in 2021 the Supervisory Board focused on analysing, in cooperation with  
the Management Board, the current actions and development strategy of the Company and evaluating the Company's performance. At meetings of the Supervisory Board, the members of the Management Board were present and provided detailed information and explanations on matters covered by the agenda of the Supervisory Board meeting, in particular on matters relating to the Company's product sales strategy, the distribution system, including the implementation status of sales projects in individual distribution channels and the implementation of IT projects

Supervisory Board approved the company's budget for 2022. The Supervisory Board also analysed  
the actions of the Capital Group of TOYA S.A., paying particular attention to Yato Tools (Shanghai)  
Co. Ltd and Yato Tools (Jiaxing) Co. Ltd. due to the prospects of the Chinese market, where  
these companies operate

The actions of the Supervisory Board were supported by the Audit Committee. The members of the Audit Committee, in accordance with the provisions of the Regulations of the Supervisory Board, monitored i.a. the effectiveness of internal control systems, analysed on a current basis the Company's financial results presented by financial department and monitored the Company's financial reporting process as well as cooperated with representatives of the statutory auditor, i.e. KPMG Audyt Spółka z ograniczoną odpowiedzialnością sp.k. with its registered office in Warsaw, discussing with them significant issues related to the reports for the financial year 2021.

1. **Assessment of the Company's position on a consolidated basis, including the system  
   of internal control, risk management, compliance and the internal audit function, financial reporting and operations, application by the company of the principles of corporate governance and the manner of fulfilment of the obligations to provide information on their application specified in the Stock Exchange Regulations and regulations concerning current and periodic information provided by issuers of securities, together with information on the actions taken by the Supervisory Board to perform this assessment.**

While supervising the actions of the Company and the Capital Group, the Supervisory Board evaluated  
the Company's financial results and the work of the Management Board, in particular by analysing and evaluating the Company's revenues, incurred costs, operating result, gross and net result, management  
of inventories, financial resources, state of receivables and liabilities, financial liquidity and  
sales margins.

On this basis, the Supervisory Board assesses that the Company's position is stable and poses no threat to further development of the Company and the Capital Group.

The Supervisory Board, in cooperation with the Company's statutory auditor, analysed the internal control and risk management system operating in the Company in the following areas:

1. organisation of management processes and distribution of competences related to decision-making and their recording;
2. information systems;
3. financial reporting systems.

On the basis of the work carried out, the Supervisory Board assessed internal control and risk management systems applied in the Company, finding that they allow to monitor potential risks and effectively take the necessary preventive measures, to protect or limit the effects of  
such risks.

In connection with the content of Resolution No. 13/1834/2021 of the Supervisory Board of the Warsaw Stock Exchange of 29 March 2021 concerning the adoption of the document "Good Practices for WSE Listed Companies 2021", the content of the Company's information on the status of application by the Company of the principles included in Collection of Good Practices for WSE Listed Companies 2021 of 2 August 2021 and the statement of the Company submitted in this document regarding the application of principle 2.11, the Supervisory Board assessed the position of the Company on a consolidated basis, taking into account the internal control system, risk management, compliance and the internal audit function, financial reporting and operations company's application of the principles of corporate governance and the manner of fulfilling the information obligations concerning their application specified in the Stock Exchange Regulations and the regulations concerning current and periodic information provided by issuers of together with information on the actions taken by the Supervisory Board in order to perform this assessment.

1. Internal control system

The Company has a system of internal control. Due to the adopted organisational structure, the system of internal control is based on the management staff of individual departments in the organisational structure with the leading role of the Management Board. The internal control system covers the most important categories of operational effectiveness and efficiency, reliability of financial statements and compliance with laws and other regulations.

The Company, due to the structure created by the Management Board, effectively performs the tasks in the aforementioned categories. The Supervisory Board conducts ongoing monitoring of internal controls and procedures identifying and minimising the risks associated with the Company's operations, while the Supervisory Board positively assesses the assumptions made by the Management Board in this regard.

1. Risk management

The Company's risk management system is based on an established organisational structure consisting of specialised organisational units whose task is to identify potential

risks, assessment of their impact on individual decision-making processes, monitoring and reporting  
directly to the Company's Management Board. Due to the implementation of the aforementioned solution in the Company, the Company and the Management Board   
have effective instruments aimed at minimising potential risks related to  
Company operations. At the same time, the Supervisory Board positively evaluates the adopted solutions in discussed scope.

1. Compliance system

In 2020, as part of the Company's organisational structure, a specialised Legal and  
Compliance Department was established that is responsible for comprehensive control and supervision of the Company business units and organisational units regard to their fulfilment of obligations related to ensuring compliance with legal regulations, good market practices, accepted business ethics standards and internal regulations Legal and Compliance Department reports directly  
the Management Board. Adoption of such a solution gave the Management Board access to special knowledge in compliance of the Company's activities in all areas and aspects of these activities with the applicable law, internal regulations and the Best Practices of Companies Listed on the WSE 2021

1. Internal audit

The Company does not have a separate department responsible for internal audit. As of the date  
of this report, the Supervisory Board does not see a need to separate the aforementioned unit in organisational structure of the Supervisory Board and in particular the Audit Committee constantly monitor the necessity of establishing appropriate internal audit structures

1. Assessment of financial reporting and operations

In the opinion of the Supervisory Board, through the application and monitoring  
internal control, risk management and compliance systems described above which in the opinion of the Supervisory Board are adequate to the nature and scale of the Company's activities, the Company effectively achieves the objectives such as effectiveness, operational efficiency, reliability of financial statements and compliance with laws and other regulations

The Company applies internal control systems for accounting and financial reporting that ensure reliable and clear presentation of its financial position and assets. The Company has documentation describing the adopted accounting principles, specifying methods of valuing assets and liabilities and determining the financial result as well as the manner of keeping accounting books and the system of protecting data and their collections. The adopted accounting principles are applied continuously ensuring comparability of financial statements with the application of going concern and prudent valuation rules. The Company's financial statements are audited by authorised entities selected by resolution of the Supervisory Board. The statements are published in accordance with applicable legal regulations.

1. **Assessment of the company's application of the principles of corporate governance and the manner of fulfilling the information obligations concerning their application specified in the Stock Exchange Regulations and regulations concerning current and periodic information provided by issuers of securities.**

In the opinion of the Supervisory Board, the Company applies the principles of corporate governance, taking into account the nature and specificity of its operations as well as fulfils the information obligations concerning their application specified in the Stock Exchange Regulations and regulations concerning current and periodical information submitted by issuers of securities. The aforementioned issues were the subject of deliberations of the Supervisory Board, where the Company informed in detail which rules are applied and justified which corporate governance rules the Company currently does not apply.

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| Piotr Mondalski | Jan Szmidt | Beata Szmidt |
| Grzegorz Maciąg | Wojciech Papierak | Michał Kobus |
| Dariusz Górka |  |  |