



KREDYT INKASO

The Kredyt Inkaso Group

# Directors' Report on the Operations of the Group and the Company for the 12 months ended **31 March 2022**

Warsaw, 30 June 2022



## 1. THE GROUP

### 1.1. Legal basis and structure of the Group

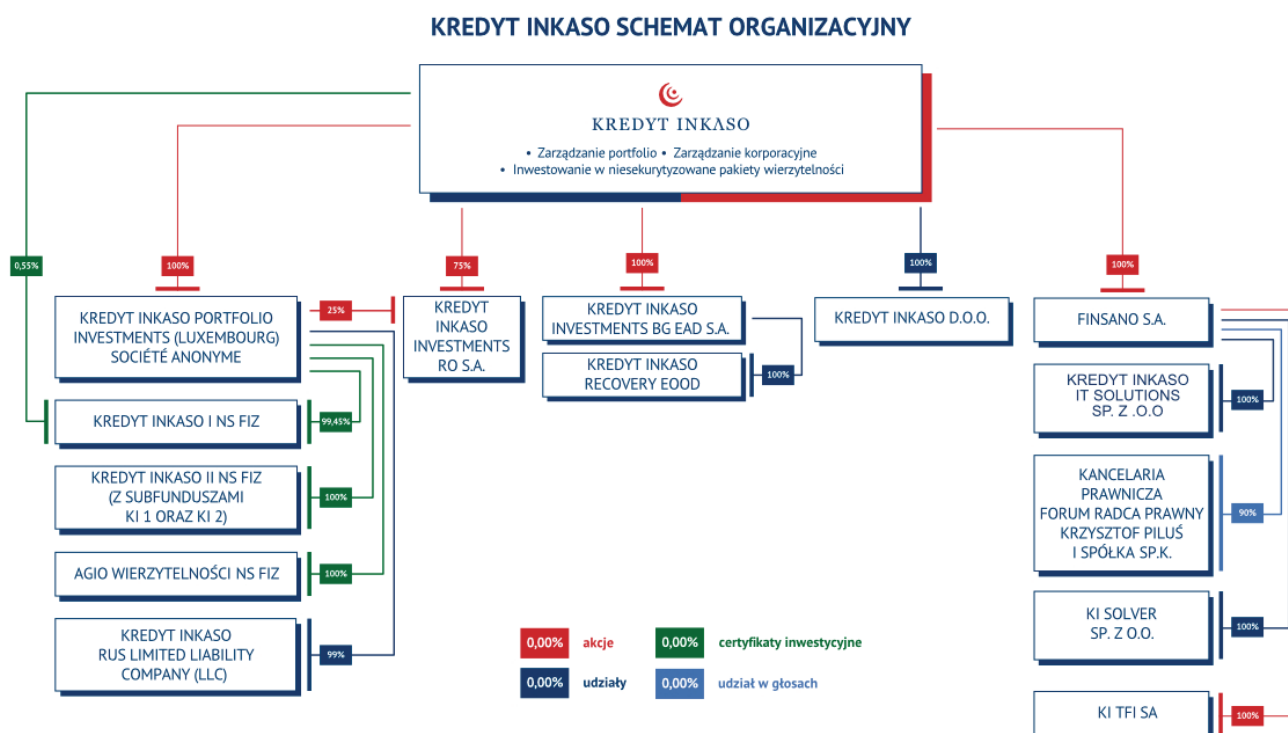
The parent of the Kredyt Inkaso Group (the "Group") is Kredyt Inkaso S.A. (the "Company", "Parent") with its registered office at ul. Domaniewska 39, Warsaw, Poland.

The Company was entered in the Register of Businesses of the National Court Register under No. KRS 0000270672 pursuant to a ruling of the District Court in Lublin, 11th Commercial Division of the National Court Register, of 28 December 2006.

The Company was established as a result of transformation of the company under the name of Dom Obrotu Wierzytelnościami Kredyt Inkaso spółka z ograniczoną odpowiedzialnością sp. k. into a joint-stock company. The company under the name of Dom Obrotu Wierzytelnościami Kredyt Inkaso spółka z ograniczoną odpowiedzialnością sp. k. was entered in the Register of Businesses of the National Court Register under No. KRS 000007605 pursuant to a ruling of the District Court in Lublin, 11th Commercial Division of the National Court Register, of 19 April 2001.

The Parent's core business is the management of securitised debt portfolios through securitisation funds, including the purchase of debt portfolios by Group subsidiaries and by investment funds whose debt portfolios have been entrusted for management. The Group entities collect debt mainly from natural persons through legal process and cooperate with a law firm Kancelaria Prawnicza FORUM radca prawny Krzysztof Piliuś i spółka Sp.k. specialising in legal services.

Graphical representation of the organisational structure of the Group at 31 March 2022:



At the reporting date, the Group, which is subject to consolidation, comprises Kredyt Inkaso S.A. as the Parent and its subsidiaries.

| Name of entity  | Registered office  | Ownership interest | Number of voting rights | Core business   |
|---|--------------------|--------------------|-------------------------|---|
| Kancelaria Prawnicza FORUM radca prawny Krzysztof Piliś i spółka Sp.k.                      | Warsaw, Poland     | 84%                | 90%                     | Legal activities  |
| Finsano S.A.  | Warsaw, Poland     | 100%               | 100%                    | Holding activities and acquisition of property in the course of enforcement proceedings or collection activities, trade in such property, its development and commercialisation |
| Kredyt Inkaso IT Solutions Sp. z o.o. (previously: Legal Process Administration Sp. z o.o.) | Warsaw, Poland     | 100%               | 100%                    | Provision of IT services  |
| Kredyt Inkaso Investments RO S.A.   | Bucharest, Romania | 100%               | 100%                    | Investing in debt portfolios, servicing of debt assets  |
| Kredyt Inkaso Investments BG EAD S.A.   | Sofia, Bulgaria    | 100%               | 100%                    | Investing in debt portfolios, servicing of debt assets  |
| Kredyt Inkaso RUS Limited Liability Company (LLC)   | Moscow, Russia     | 99%                | 99%                     | Investing in debt portfolios, servicing of debt assets  |
| Kredyt Inkaso RECOVERY EOOD   | Sofia, Bulgaria    | 100%               | 100%                    | Investing in debt portfolios, servicing of debt assets  |
| Kredyt Inkaso d.o.o.  | Zagreb, Croatia    | 100%               | 100%                    | Investing in debt portfolios, servicing of debt assets  |
| Kredyt Inkaso Portfolio Investments (Luxembourg) Société Anonyme                            | Luxembourg         | 100%               | 100%                    | Investing in debt portfolios, investing in securities carrying risks based on debt claims   |
| Kredyt Inkaso I NSFIZ   | Warsaw, Poland     | 100%               | 100%                    | Investing in debt portfolios  |
| Kredyt Inkaso II NSFIZ  | Warsaw, Poland     | 100%               | 100%                    | Investing in debt portfolios  |
| KI Towarzystwo Funduszy Inwestycyjnych Spółka Akcyjna                                       | Warsaw, Poland     | 100%               | 100%                    | Creation and management of investment funds   |
| AGIO Wierzytelności NSFIZ   | Warsaw, Poland     | 100%               | 100%                    | Investing in debt portfolios  |
| KI Solver Sp. z o.o. (previously Advisers Sp. z o.o.)                                       | Warsaw, Poland     | 100%               | 100%                    | Servicing of debt assets  |

## 1.2. Regulations governing the legal status of the Group

### Kredyt Inkaso S.A.

The legal status of Kredyt Inkaso S.A. is governed by the Commercial Companies Code of 15 September 2000 (consolidated text in Journal of Laws of 2020, item 1526) and the Company's Articles of Association (consolidated text of 23 February 2018) as well as internal rules, in particular:

Rules of the General Meeting adopted by Resolution No. 3/2007 of the Extraordinary General Meeting of 29 March 2007, as amended by Resolution No. 20/2008 of the Annual General Meeting of 7 July 2008, Resolution No. 19/2009 of the Annual General Meeting of 3 July 2009, Resolution No. 19/2011 of the Annual General Meeting of 30 September 2011, Resolution No. 20/2018 of the Annual General Meeting of 27 September 2018, and Resolution No. 9/2019 of the Annual General Meeting of 24 January 2019.

Rules of Procedure of the Supervisory Board adopted by Resolution No. 2/2007 of the Extraordinary General Meeting of 29 March 2007, as amended by Resolution No. 21/2008 of the Annual General Meeting of 7 July 2008, Resolution No. 20/2009 of the Annual General Meeting of 3 July 2009, Resolution No. 23/2012 of the Annual General Meeting of 9 July 2012, and Resolution No. 21/2018 of the Annual General Meeting of 27 September 2018.

Rules of Procedure of the Management Board of 7 November 2019 adopted by Resolution No. 1/11/2019.

### Kredyt Inkaso Portfolio Investments (Luxembourg) S.A.

Kredyt Inkaso Portfolio Investments (Luxembourg) S.A. of Luxembourg is a joint-stock company under the Luxembourg law (Societe Anonyme) incorporated on 24 August 2010 and registered in the Luxembourg Trade and Company Register (Registre du Commerce et des Sociétés) on 17 September 2010 under entry No. B 155462. The company is subject to the Luxembourg securitisation law introduced by the Securitisation Act of 22 March 2004. The entity operates on the basis of its Articles of Association dated 24 August 2010, as amended on: 27 October 2010, 15 December 2010, and 22 December 2010.

### **Kredyt Inkaso Investments RO S.A.**

Kredyt Inkaso Investments RO S.A. of Bucharest is a joint-stock company under Romanian law incorporated on 16 January 2013 and registered in the Commercial Register at the Bucharest Regional Court on 28 January 2013 under entry No. J40/978/2013. The entity operates on the basis of its Articles of Association dated 24 July 2020. The company is a legal person subject to the Romanian commercial law, which is governed by Commercial Law No. 31/1990 of 16 November 1990 (as amended).

### **Kredyt Inkaso Investments BG EAD**

Kredyt Inkaso Investments BG EAD of Sofia is a wholly-owned stock company under Bulgarian law incorporated on 17 January 2013 and registered in the Commercial Register Agency Office in Sofia on 5 February 2013 under entry No. 202423225. The entity operates on the basis of its Articles of Association dated 4 April 2018. The company is a legal person subject to the Bulgarian commercial law, which is governed by Commercial Law of 18 June 1991 (as amended).

### **Kancelaria Prawnicza FORUM radca prawny Krzysztof Piluś i spółka - spółka komandytowa**

The law firm Kancelaria Prawnicza FORUM radca prawny Krzysztof Piluś i spółka – sp. k. of Warsaw was established on 8 November 2001 and registered on 5 December 2001 in the Register of Businesses of the National Court Register under No. KRS 0000067134. The firm operates on the basis of the provisions of the Commercial Companies Code of 15 September 2000 (consolidated text in Journal of Laws of 2020, item 1526) and the Company's Articles of Association. As of the Authorisation Date, Finsano S.A. held 90% of the total number of votes in Kancelaria Prawnicza FORUM radca prawny Krzysztof Piluś i spółka - sp. k.

### **Kredyt Inkaso I Niestandaryzowany Sekurytyzacyjny Fundusz Inwestycyjny Zamknięty**

Kredyt Inkaso I Niestandaryzowany Sekurytyzacyjny Fundusz Inwestycyjny Zamknięty was established on 15 September 2006 and registered by the Regional Court in Warsaw, 7th Civil and Registry Division, Register of Investment Funds, on 31 October 2006 under number RFI 259. The fund operates on the basis of the Act on Investment Funds of 27 May 2004 (consolidated text in Journal of Laws of 2021, item 605) and its Articles of Association of 15 September 2006, as amended.

### **Kredyt Inkaso II Niestandaryzowany Sekurytyzacyjny Fundusz Inwestycyjny Zamknięty**

Kredyt Inkaso II Niestandaryzowany Sekurytyzacyjny Fundusz Inwestycyjny Zamknięty was established on 23 February 2012 and registered by the Regional Court in Warsaw, 7th Civil and Registry Division, Register of Investment Funds, on 1 March 2012 under number RFI 713. The fund operates on the basis of the Act on Investment Funds of 27 May 2004 (consolidated text in Journal of Laws of 2021, item 605) and its Articles of Association of 23 February 2012, as amended.

### **Finsano S.A.**

Finsano S.A. operates on the basis of the provisions of the Commercial Companies Code of 15 September 2000 (consolidated text in Journal of Laws of 2020, item 1526, as amended) and the Company's Articles of Association of 8 April 2020.

The entity was entered in the Register of Businesses of the National Court Register on 31 March 2016 under No. 0000608311.

### **Kredyt Inkaso IT Solutions sp. z o.o.**

Kredyt Inkaso IT Solutions sp. z o.o. of Warsaw (until 21 June 2021 operating under the name Legal Process Administration sp. z o.o.), established on 29 October 2012, operates on the basis of the provisions of the Commercial Companies Code of 15 September 2000 (consolidated text in Journal of Laws of 2020, item 1526, as amended) and its Articles of Association of 29 October 2012 (consolidated text of 14 June 2019). The entity was entered in the Register of Businesses of the National Court Register on 3 January 2013 under No. 0000446355.

### **Kredyt Inkaso RUS Limited Liability Company (LLC)**

Kredyt Inkaso RUS Limited Liability Company (LLC) with its registered office in the business centre Sheremetyevo-2 Airport, 141402, Moscow Oblast, Khimki rayon, is a limited liability company under Russian law, established on 26 September 2013 and registered in the State Register of Businesses of the Russian Federation in Moscow on 26 September 2003 under entry No. 1035006495171. The entity operates on the basis of its Articles of Association dated 19 September 2003.

### **Kredyt Inkaso RECOVERY EOOD**

Kredyt Inkaso RECOVERY EOOD of Sofia is a wholly-owned limited liability company under Bulgarian law incorporated on 8 September 2014 and registered in the Commercial Register Agency Office in Sofia on 22 January 2015 under entry No. 203376312.

### **Kredyt Inkaso d.o.o.**

Kredyt Inkaso d.o.o. of Zagreb is a wholly-owned limited liability company under Croatian law incorporated on 28 August 2015 and registered in the Court Register of the Commercial Court in Zagreb on 18 September 2015 under entry No. 61466087372.

### **KI Towarzystwo Funduszy Inwestycyjnych S.A.**

KI Towarzystwo Funduszy Inwestycyjnych S.A., established on 4 October 2021, operates on the basis of the provisions of the Commercial Companies Code of 15 September 2000 (consolidated text in Journal of Laws of 2020, item 1526, as amended), the Act on Investment Funds of 27 May 2004 (consolidated text in Journal of Laws of 2021, item 605), and the Articles of

Association of 4 October. The entity was entered in the Register of Businesses of the National Court Register under No. 0000934411.

### **KI Solver sp. z o.o.**

KI Solver sp. z o.o. operates on the basis of the provisions of the Commercial Companies Code of 15 September 2000 (consolidated text in Journal of Laws of 2020, item 1526, as amended), the Act on Investment Funds of 27 May 2004 (consolidated text in Journal of Laws of 2021, item 605), and its Articles of Association, consolidated text of 2 November 2021. The entity was entered in the Register of Businesses of the National Court Register under No. 0000854233.

## 1.3. History

The company was established in 2001 under the name of Dom Obrotu Wierzytelnościami. The following are the most important developments in the history of the Parent and the Group.

|             |   |
|-------------|---|
| <b>2001</b> | <ul style="list-style-type: none"> <li>▪ Dom Obrotu Wierzytelnościami is established in Zamość, incorporated on 29 December 2000 ("Dom Obrotu Wierzytelnościami")</li> <li>▪ Acquisition by Dom Obrotu Wierzytelnościami of the first debt portfolio from a telecommunications operator</li> </ul>  |
| <b>2005</b> | <ul style="list-style-type: none"> <li>▪ Office of Dom Obrotu Wierzytelnościami opened in Warsaw</li> <li>▪ Commencement of the listing process of Dom Obrotu Wierzytelnościami Kredyt Inkaso Sp. z o.o. Sp. k.</li> <li>▪ Transformation of the company Dom Obrotu Wierzytelnościami (current name of the Company)</li> </ul>                                  |
| <b>2007</b> | <ul style="list-style-type: none"> <li>▪ Raising PLN 15 million through an initial public offering of shares by the Company – the legal successor of Dom Obrotu Wierzytelnościami</li> <li>▪ Listing of the Company's shares on the regulated market of the Warsaw Stock Exchange</li> <li>▪ First issue of bonds by the Company</li> </ul>                     |
| <b>2009</b> | <ul style="list-style-type: none"> <li>▪ Launch of e-Court</li> <li>▪ Acquisition of the Company's first portfolio of bank debt from Powszechna Kasa Oszczędności Bank Polski S.A.</li> <li>▪ Commencement of formation of a group by the Company (Kredyt Inkaso Portfolio Investments (Luxembourg) S.A., KI Nieruchomości Sp. z o.o., KI I NSFIZ)</li> </ul>   |
| <b>2010</b> | <ul style="list-style-type: none"> <li>▪ Opening of the COMPANY's bond issue programme with a value of PLN 150 million</li> <li>▪ Acquisition of FORUM</li> <li>▪ Issue of Series E shares of the Company to its existing shareholders (free of charge)</li> <li>▪ Purchase of debt portfolios for nearly PLN 54 million</li> </ul>                             |
| <b>2011</b> | <ul style="list-style-type: none"> <li>▪ Execution by the Group of the first sub-participation agreement in Poland with Getin Noble Bank</li> <li>▪ Further growth of the Group (establishment of Finsano, KI II Niestandaryzowany Sekurytyzacyjny Fundusz Inwestycyjny Zamknięty)</li> <li>▪ Purchase of debt portfolios for nearly PLN 174 million</li> </ul> |
| <b>2012</b> | <ul style="list-style-type: none"> <li>▪ Launch of the Group's operations in foreign markets – Romania, Bulgaria and Russia</li> <li>▪ Purchase of debt portfolios for nearly PLN 102 million</li> </ul>  |
| <b>2013</b> | <ul style="list-style-type: none"> <li>▪ Purchase by the Company of its first portfolio of bank mortgage debt with a nominal value of PLN 167 million</li> <li>▪ Commencement of management by the Company of a PLN 500 million debt portfolio for investment funds</li> <li>▪ Purchase of debt portfolios for nearly PLN 72 million</li> </ul>                 |
| <b>2014</b> | <ul style="list-style-type: none"> <li>▪ Launch of cooperation with the PRA Group – a global leader in debt management services</li> <li>▪ Purchase of debt portfolios for nearly PLN 54 million</li> </ul>   |
| <b>2015</b> | <ul style="list-style-type: none"> <li>▪ Entry into another foreign market – Croatia</li> <li>▪ Establishment of cooperation with Lartiq Towarzystwo Funduszy Inwestycyjnych S.A.</li> <li>▪ Purchase of debt portfolios for nearly PLN 49 million</li> </ul>   |
| <b>2016</b> | <ul style="list-style-type: none"> <li>▪ Investment in the company made by a new investor – the Waterland Group</li> <li>▪ Purchase of debt portfolios for nearly PLN 145 million</li> </ul>  |
| <b>2017</b> | <ul style="list-style-type: none"> <li>▪ Establishment by the Company of an annual public bond issue programme</li> <li>▪ Commencement of work on a programme of comprehensive operational development of the 600+ Group</li> </ul>   |
| <b>2018</b> | <ul style="list-style-type: none"> <li>▪ Purchase of debt portfolios for nearly PLN 133 million</li> <li>▪ Continuation of work on a programme of comprehensive operational development of Impuls Alfa</li> <li>▪ Hedging of variable-rate exposure using IRS derivatives</li> </ul>  |
| <b>2019</b> | <ul style="list-style-type: none"> <li>▪ Placement of Series F1, G1 bonds for nearly PLN 242 million</li> </ul>   |



|             |  |
|-------------|--|
|             | <ul style="list-style-type: none"> <li>▪ Full redemption of Series Y, Z, A1 and A2 bonds with a total nominal value of PLN 167 million, and the early redemption of part of Series B1, D1 and E1 bonds with a nominal value of PLN 184 million</li> <li>▪ Purchase of portfolios for PLN 25.8 million</li> </ul>   |
| <b>2020</b> | <ul style="list-style-type: none"> <li>▪ Simplification of the Group's structure: liquidation of Lumen Profit funds and merger of Finsano S.A., Kancelaria Forum S.A., KI Nieruchomości Sp. z o.o. and FINSANO Consumer Finance S.A. into one entity</li> <li>▪ Refinancing of a loan with ING for a new term of five years</li> <li>▪ Purchase of debt portfolios for PLN 17.3 million</li> </ul>   |
| <b>2021</b> | <ul style="list-style-type: none"> <li>▪ Issue of H1 bonds</li> <li>▪ Acquisition of KI Solver sp. z o.o.</li> <li>▪ Establishment of KI Towarzystwo Funduszy Inwestycyjnych S.A.</li> <li>▪ Purchase of debt portfolios for PLN 16.9 million</li> </ul>   |
| <b>2022</b> | <ul style="list-style-type: none"> <li>▪ Issue of Series I1, J1 and K1 bonds and full or partial repayment of Series F1, PA02, G1, B1 and H1 bonds, as a result of which the Group optimised its financing structure</li> <li>▪ KI Towarzystwo Funduszy Inwestycyjnych S.A. has applied to the Polish Financial Supervision Authority for a permit to operate as an investment fund management company and a permit to manage alternative investment funds.</li> <li>▪ Purchase of debt portfolios for PLN 18.7 million by the reporting date</li> </ul> |

## 1.4. Organisational and personal ties

### **Ties with the law firm FORUM radca prawny Krzysztof Piliś i spółka - spółka komandytowa of Warsaw**

As at the Authorisation Date, the general partner in Kancelaria Prawnicza FORUM radca prawny Krzysztof Piliś i spółka - sp. k. in Warsaw which is entitled to 90% of the total number of votes is Finsano S.A., which is a 100% subsidiary of Kredyt Inkaso S.A. The general partner who is entitled to 5% of the total number of votes is Krzysztof Piliś. The general partner entitled to 5% of the total number of votes is Mateusz Garbula.

The right to represent Kancelaria Prawnicza FORUM is vested in the general partner Krzysztof Piliś individually and the general partner Mateusz Garbula.

Pursuant to the provisions of the Articles of Association, the management of the Company's affairs was entrusted to the general partners. The general partners, without prejudice to Art. 38 of the Commercial Companies Code, conduct all affairs of the Company with the exception of matters requiring, pursuant to the Articles of Association, a resolution of the shareholders, and with the exception of matters relating to activities requiring the assistance of a legal counsel or an attorney.

### **Affiliation with Finsano Spółka Akcyjna of Warsaw**

As at the Authorisation Date, the shareholder holding 100% of shares in Finsano S.A. is Kredyt Inkaso S.A.

The body authorised to represent and manage the company's affairs is the Management Board, composed of the following persons as at the Authorisation Date:

- Maciej Szymański as Vice-President of the Management Board (simultaneously President of the Management Board of Kredyt Inkaso S.A.), and
- Barbara Rudziks as President of the Management Board (at the same time Vice-President of the Management Board of Kredyt Inkaso S.A.)

As of the Authorisation Date, the Supervisory Board consisted of Tomasz Kuciel, Andrzej Bąk (an associate of Kredyt Inkaso S.A.) and Ireneusz Chadaj (an employee of Kredyt Inkaso S.A.).

### **Affiliation with Kredyt Inkaso IT Solutions Spółka z ograniczoną odpowiedzialnością of Warsaw**

As at the Authorisation Date, the shareholder holding 100% of shares in Kredyt Inkaso IT Solutions Sp. z o.o. (formerly: Legal Process Administration Sp. z o.o.) was Finsano S.A., a wholly-owned subsidiary of Kredyt Inkaso S.A.

The body authorised to represent and manage the company's affairs is the Management Board, composed of the following persons as at the Authorisation Date:

- Tomasz Kuciel as President of the Management Board (at the same time member of the Management Board of Kredyt Inkaso S.A.), and
- Sebastian Waligórski as Vice-President of the Management Board (associate of Kredyt Inkaso S.A.).

### **Affiliation with KI Solver Spółka z ograniczoną odpowiedzialnością in Warsaw**

As at the Authorisation Date, the sole shareholder of KI Solver Sp. z o.o. was Finsano S.A., a wholly-owned subsidiary of Kredyt Inkaso S.A.

The Management Board as at the Authorisation Date was composed of Iwona Słomska as Member of the Management Board (Vice-President of the Management Board of Kredyt Inkaso S.A.) and Mariusz Gryglicki as Member of the Management Board (associate of Kredyt Inkaso S.A.).

The Supervisory Board as at the Authorisation Date consists of Maciej Szymański, Barbara Rudziks and Tomasz Kuciel.

### **Affiliation with Kredyt Inkaso Towarzystwo Funduszy Inwestycyjnych S.A.**

As at the Authorisation Date, the sole shareholder of KI Towarzystwo Funduszy Inwestycyjnych S.A. was Finsano S.A., a wholly-owned subsidiary of Kredyt Inkaso S.A.

As at the Authorisation Date, the Management Board was composed of Aneta Ćwik as the President (an employee of Kredyt Inkaso S.A.), Katarzyna Raczkiwicz as a Member (an associate of Kredyt Inkaso S.A.) and Olgierd Chodyniecki as a Member (an associate of Kredyt Inkaso S.A.).

As at the Authorisation Date, the Supervisory Board was composed of Maciej Szymański, Barbara Rudziks, Tomasz Kuciel, Iwona Słomska Krzysztof Stupnicki (employees Kredyt Inkaso S.A.) and Wojciech Kryński (an associate of Kredyt Inkaso S.A.).

### **Other affiliations**

As at the Authorisation Date, the Management Board of Kredyt Inkaso Investments RO S.A. with its registered office in Bucharest consists of:

- Cristian Talpau,
- Tomasz Kuciel (at the same time member of the Management Board of Kredyt Inkaso S.A.).

As at the Authorisation Date, the Management Board of Kredyt Inkaso Investments BG EAD with its registered office in Sofia consists of:

- Zornitsa Dimitrova,
- Barbara Rudziks (at the same time Vice-President of the Management Board of Kredyt Inkaso S.A.).

As at the Authorisation Date, the Management Board of Kredyt Inkaso Recovery EOOD with its registered office in Sofia consists of:

- Zornitsa Dimitrova (Director General – President of the Management Board).

As of the Authorisation Date, the Management Board of Kredyt Inkaso d.o.o. with its registered office in Zagreb consists of:

- Maciej Szymański (at the same time President of the Management Board of Kredyt Inkaso S.A.), and
- Tomasz Kuciel (at the same time member of the Management Board of Kredyt Inkaso S.A.).

As at the Authorisation Date, the Management Board of Kredyt Inkaso RUS Limited Liability Company (LLC) with its registered office in the business centre Sheremetyevo-2 Airport, 141402, Moscow Oblast, Khimki City District, consists of:

- Alła Strzałkowska (employee of Kredyt Inkaso S.A.).

As at the Authorisation Date, the Board of Directors of Kredyt Inkaso Portfolio Investments (Luxembourg) S.A. with its registered office in Luxembourg consists of:

- Maciej Szymański - Class A Director (at the same time President of the Management Board of Kredyt Inkaso S.A.),
- Jacek Wolak - Class B Director, and
- Findesti Corporate Services Sarl represented by Daria Lisouskaya - Class B Director.

## **2. NON-FINANCIAL INFORMATION**

### **2.1. Business model**

The Capital Group's operating activities are based on a proven business model that is used throughout the Group:

- Acquisition and management of debt portfolios by the Group for its own account. Debt collection from purchased debt portfolios is conducted for the Group companies' own account and at their own risk. The Capital Group acquires debt portfolios primarily from the banking, lending, telecommunications and insurance sectors.
- Management of securitised assets of closed-end non-standardised securitisation investment funds constitutes a regulated activity, performed on the basis of the PFSA's permit issued in accordance with the provisions of the Act on Closed-end Investment Funds and Management of Alternative Investment Funds;
- Management to order (collection) – the process involves managing receivables at every stage of the debt progression, from monitoring reminding about the upcoming or just fallen due date, through debt repayment negotiations at the amicable stage, ending with referring the cases to court and enforcement proceedings.

The Group's largest institutional clients for debt portfolio management services in the current financial year included:

- Ceres NSFIZ fund, Fonet NSFIZ in liquidation (managed by AgioFunds TFI S.A.),
- PZU S.A.

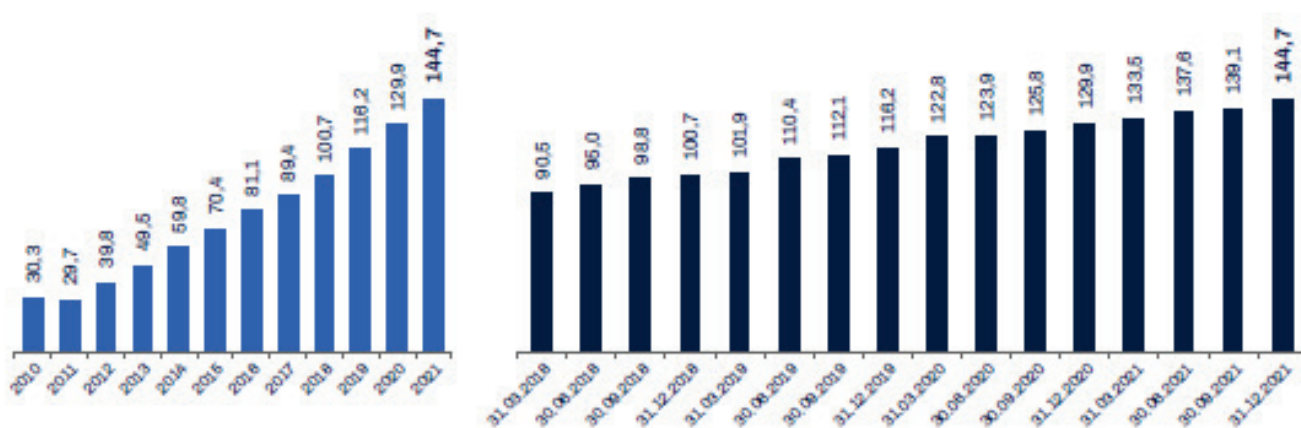
When creating a strategy for the recovery of a particular debt or a group of similar debts, the Group determines the segment and strategy for the debt portfolio on the basis of the characteristics of the debtor and the debt, under the assumption of maximising the security of the fund's interests, aiming to ensure maximum revenue from the debt, optimising management costs, taking into account the applicable legal, technical and organisational conditions.

An advantage of the Group's operations is the optimisation of the debt recovery process so that it is both cost- and revenue-efficient. The optimisation of activities in relation to individual portfolios and even individual claims is possible through the use of:

- advanced statistical models to define the most effective recovery path;
- advanced IT systems.

## 2.2. Market environment

According to data presented by the Association of Financial Companies in Poland ("ZPF"), at the end of December 2021, the total nominal value of serviced receivables managed by ZPF members on the Polish market amounted to PLN 144.7 billion.



Source: Report Q4 2021, Size of the Polish debt market, Association of Financial Companies in Poland. <https://zpf.pl/raports/wielkosc-polskiego-ryнку-wierzytelności/>

Currently, most debt portfolio acquisitions are carried out by specialised funds that are supervised by state institutions, including the Polish Financial Supervision Authority (KNF) and the Personal Data Protection Office (UODO). In the consumer receivables market, there is a noticeable increase in supply from banks, which are interested in selling their clients' hard-to-collect liabilities to professional entities.



## 2.3. Impact of the regulatory environment on the Group's operations

The Group's operations, in each jurisdiction where the Group is present and involved in the trading and debt management market, are affected by changes in the law in the area of:

- civil law,
- civil proceedings,
- concerning the participants of the economic and consumer trade and entities professionally involved in the assertion and enforcement of property rights,
- in the field of banking law and capital market regulations.

The Company monitors on an ongoing basis the legislative processes relating to proposed changes in legislation in the above areas, which may significantly affect the Group's operations and financial performance.

### 2.3.1. Industry regulations and those directly affecting operational activities

Significant recent legislative changes which affected the Group's operations in the reporting period included:

- the Act of 2 March 2020 on specific solutions related to preventing, counteracting and combating COVID-19, other infectious diseases and crisis situations caused by them, together with its amendments and implementing acts, which, in order to limit the spread of the COVID-19 virus, adopted a number of preventive measures that may affect the macroeconomic situation of the country, but also the Group's operations and financial results, e.g. suspension of procedural deadlines, restrictions on the operation of state institutions, including courts and bailiffs, reduction of non-interest costs of consumer credit. In order to minimise the impact of COVID-19 on operations, the Group has implemented a number of tools to ensure business continuity, in particular by providing the necessary IT infrastructure for employees to undertake remote work,
- the Act of 14 May 2020 amending certain acts in respect of protective measures in connection with the spread of the SARS CoV-2 virus, which introduced, inter alia, the suspension of the process of conducting the auction of a dwelling or land property developed with a dwelling which serves to satisfy the housing needs of the debtor during the state of epidemic emergency or state of epidemic and for 90 days after its termination,
- a set of laws creating so-called "anti-crisis shields" containing instruments of support in connection with the spread of the virus causing COVID-19. Implementation of those instruments may contribute to reducing the negative impact of COVID-19 on national economy and, in consequence, on the Group's operations.
- introduction of a 10-year limitation period for claims in Bulgaria, which entered into force from 3 June 2021.
- Regulation of the Minister of Health of 12 May 2022 on the cancellation of the state of epidemic in the territory of the Republic of Poland (Journal of Laws of 2022, item 1027), with effect from the date of publication.

Regulations affecting the operations of the Kredyt Inkaso Group:

- Civil Code of 23 April 1964 (consolidated text, Journal of Laws of 2020, item 1740), in particular regulations governing the transfer of receivables, Art. 509-518. According to 509.1 of the Civil Code, a creditor may, without the debtor's consent, transfer a claim to a third party (assignment), unless this would be contrary to the law, a contractual stipulation, or the nature of the obligation.
- Act of 17 November 1964 Code of Civil Procedure (consolidated text Journal of Laws 2020, item 1575, as amended) regulating the process of judicial recovery of debts from debtors and enforcement proceedings.
- Act of 22 March 2018 on court bailiffs and enforcement (consolidated text Journal of Laws 2021, item 850) detailing how court bailiffs operate and the fees for bailiff activities.
- Act of 28 July 2005 on court costs in civil cases (consolidated text Journal of Laws 2020, item 755, as amended) regulating the amount of court entries. The amount of court fees in payment cases depends on the value of the subject matter of the dispute and amounts to 5% of this value or 1.25% in the electronic writ of payment procedure, or is set as a fixed amount.
- Act of 28 February 2018 on bailiffs' costs (consolidated text Journal of Laws of 2021, item 210) regulating the amount of bailiffs' costs and the principles of their payment, as well as the procedure in cases concerning these costs.
- Act of 10 May 2018 on the protection of personal data (consolidated text Journal of Laws 2019, item 1781) regulating the principles of processing of personal data.
- Act of 27 May 2004 on investment funds and management of alternative investment funds (consolidated text Journal of Laws 2021, item 605) pursuant to which we received in February 2012 a permit from the Polish Financial Supervision Authority to manage securitised receivables of a securitisation fund and we perform it.

- Act of 29 August 1997 Banking Law (consolidated text Journal of Laws 2020, item 1896) in connection with the acquisition of receivables from the banking sector.
- Act of 28 February 2003 Bankruptcy Law (consolidated text Journal of Laws of 2020, item 1228, as amended).
- Act of 16 February 2007 on competition and consumer protection (consolidated text Journal of Laws 2021, item 275), defining in particular the behaviour of entrepreneurs considered as practices infringing collective consumer interests and the procedure in such cases.
- Act of 15 May 2015 Restructuring Law (Journal of Laws 2020, item 814)
- Act of 12 May 2011 on consumer credit (Journal of Laws 2019, item 1083).
- Act of 9 April 2010 on the provision of business information and exchange of business data (Journal of Laws 2020 item 389).
- Act of 17 December 1998 on pensions from the Social Insurance Fund (Journal of Laws of 2021, item 353).
- Act of 14 February 1991 Law on Notaries (Journal of Laws 2020, item 1192, as amended).
- Act of 26 June 1974 Labour Code (Journal of Laws 2020, item 1320, as amended).
- Act of 10 October 2002 on minimum wage (Journal of Laws 2020, item 2207).
- Act of 6 July 1982 on land and mortgage registers (Journal of Laws 2019, item 2204).
- Commission Delegated Regulation (EU) No 231/2013 of 19 December 2012 supplementing Directive 2011/61/EU of the European Parliament and of the Council with regard to exemptions, general operating conditions, depositaries, leverage, transparency and supervision (OJ L 83, 22.03.2013).
- Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC (General Data Protection Regulation) (OJ L 119, 4.5.2016).
- the Luxembourg securitisation law introduced by the Law of 22 March 2004 on securitisation relating to a subsidiary, Kredyt Inkaso Portfolio Investments (Luxembourg) Société Anonyme, with its registered office in Luxembourg.
- provisions of the Copyright and Related Rights Act of 4 February 1994 (Journal of Laws of 2021, item 1062), determining principles of transfer of economic copyrights and granting licences with reference to a subsidiary, Kredyt Inkaso IT Solutions sp. z o.o. (formerly: Legal Process Administration sp. z o.o.) of Warsaw, whose operating activity is related to provision of IT services and management of computer software and IT devices.
- as of 1 January 2019, the Law of 22 March 2018 on bailiffs came into force. It replaced the applicable Act of 29 August 1997 on bailiffs and enforcement. The Act introduced further restrictions on the acceptance by bailiffs of cases from outside the district and new provisions relating to the amount and types of fees incurred in the course of enforcement proceedings, which affected the need to adapt operational activities to the amended legislation,
- in addition, the Group operates on foreign markets in the Romanian, Bulgarian, Croatian and Russian jurisdictions, where individual subsidiaries conduct business activities in the area of debt purchase and debt recovery services and are fully subject to, inter alia, Bulgarian, Romanian, Croatian and Russian commercial law.

### 2.3.2. Regulations concerning the market and public trading

Kredyt Inkaso S.A. as a public company is subject to regulations governing public trading in securities, among which the key ones are:

- Act of 29 July 2005 on Trading in Financial Instruments (consolidated text, Journal of Laws of 2021, item 328).
- Act of 29 July 2005 on Public Offering, Conditions Governing the Introduction of Financial Instruments to Organised Trading, and Public Companies (consolidated text, Journal of Laws of 2020, item 2080).
- Regulation (EU) No. 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse (Market Abuse Regulation) and repealing Directive 2003/6/EC of the European Parliament and of the Council and Commission Directives 2003/124/EC, 2003/125/EC and 2004/72/EC (OJ L 173, 12.6.2014) and the Minister of Finance's Regulation of 29 March 2018 on current and periodic information to be published by issuers of securities and conditions for recognition as equivalent of information whose disclosure is required under the laws of a non-member state (consolidated text in Journal of Laws of 2018, item 757), which govern the performance of reporting obligations in respect of capital market institutions.
- Act on Bonds of 15 January 2015 (consolidated text, Journal of Laws of 2020, item 1208).

In addition, the Company is required to comply with a number of implementing regulations to the aforementioned laws.

### 2.3.3. Tax regulations

Tax regulations of material significance for operations of Kredyt Inkaso S.A.:

- Corporate Income Tax Act of 15 February 1992 (consolidated text in Journal of Laws of 2021, item 1800, as amended). The rate of this tax under the provisions of this act as it stood until 31 March 2021 was 19% of the tax base or 9% of the tax base on revenue (income) other than capital gains – in the case of taxable persons that fulfil the conditions set out in Art. 19 of the Act.

- Value Added Tax Act of 11 March 2004 (consolidated text in Journal of Laws of 2021, item 685, as amended). The basic VAT rate is 23%, other than the basic rate – 8%, 7%, 5%, 4%, 0%, in addition, some goods and services are exempt from taxation.
- Act on Stamp Duty of 16 November 2006 (consolidated text in Journal of Laws of 2021, item 1923, as amended) regulating the amount of stamp duty on the submission of a power of attorney for litigation, which amounts to PLN 17.00 on the submission of a document stating the granting of a power of attorney or a proxy, as well as its excerpt, extract or copy – for each relation of power of attorney (proxy).
- Act on Duty on Actions under Civil Law of 9 September 2000 (consolidated text in Journal of Laws of 2022, item 111) regulating the tax on the articles of association, the tax rate of which is currently 0.5% of the tax base.

## 2.4. CSR - Corporate Social Responsibility

The Group's key objectives and activities in the area of social responsibility and sustainable development are as follows:

- Building stable and long-term relationships with clients based on respect for their rights and understanding of their living situation,
- Providing educational activities: counselling people struggling with over-indebtedness and promoting a frugal way of life. A compendium of knowledge, practical advice, interesting and useful information for people who want to get out of a debt spiral and for those who are looking for new and effective ways to avoid debt can be found on Kredyt Inkaso's website and in social media,
- Environmental protection: monitoring of energy consumption and compliance with rules relating to the disposal (return to supplier) of electronic equipment used, printer toners, fluorescent lamps, etc.

## 2.5. Best Practices

### 2.5.1. Best Practices – Warsaw Stock Exchange

The Company, as an entity listed on the Warsaw Stock Exchange, is subject to the principles contained in the document "Best Practice For GPW Listed Companies 2021". This is a set of corporate governance principles and rules of conduct that affect the relations of listed companies with their market environment, are an important element in building the competitive position of companies and contribute significantly to strengthening the attractiveness of the Polish capital market. These principles apply to the following areas of the Company's operations:

- Disclosure policy and investor communications,
- Functioning of the Management Board and Supervisory Board,
- Functioning of internal systems and functions, i.e. internal control, risk management and compliance monitoring and internal audit,
- Functioning of the General Meeting and formation of relations with Shareholders,
- Preventing conflicts of interest and entering into transactions with related parties,
- Remuneration of members of corporate bodies and key managers.

The corporate governance statement to the extent contained in the document "Best Practice For GPW Listed Companies 2021" can be found in section "Statement on compliance with corporate governance principles" of this report.

## 2.5.2. Best Practices – Association of Financial Companies in Poland (ZPF)



Kredyt Inkaso S.A. has been a member of the ZPF since 2018 and applies the Best Practices (ZDP), in particular as regards Book One and Book Three.

ZDPs constitute a canon of conduct based on general moral norms and consistent with the law in force in the Republic of Poland. ZDPs are used by companies operating in the financial market.

As a member of the Association, once a year, Kredyt Inkaso S.A. undergoes Ethical Audit conducted by the Association's Ethics Committee, verifying compliance with the Best Practices and on 22 February 2022 received a certificate confirming that the Company passed the audit with a positive result.

## 2.5.3. Social issues and respect for human rights

The Group implements a Compliance Policy, which includes ongoing monitoring, compliance reviews and adaptation of internal regulations and rules of conduct to the following in relation to the Group's business: legal regulations, ethical standards and principles of best market practices. The following regulations have been implemented as part of the Compliance Policy:

- corruption prevention;
- conflict of interest management,
- compliance risk management,
- ethical rules.

In the area of human rights issues, there is also a Procedure for counteracting mobbing and discrimination in employment based on Polish and international law.

## 2.6. Employee topics

The Group is guided in its operations by generally applicable laws, recommendations and guidelines issued by supervisory authorities and generally accepted ethical and customary standards in order to remain competitive in the market as an employer.

Our employees - their knowledge, experience and commitment - are the capital of our organisation. It is thanks to them that we are able to create and implement innovative solutions. We make sure that the principles of recruitment, remuneration and promotion, as well as personnel management, are transparent and motivating.

The most important internal acts governing the employment and management of personnel are:

- Organisational Regulations of Kredyt Inkaso S.A.,
- Remuneration Regulations of Kredyt Inkaso S.A.,
- Labour Regulations of Kredyt Inkaso S.A.

These are complemented by procedures relating to recruitment, development or staff appraisal. The solutions adopted by the Company are then implemented in its subsidiaries. We ensure effective interaction and communication through the Management by Objectives System, which operates throughout the Group.

Attitudes and behaviours directed towards positive and effective relations within the organisation and an appropriate leadership style are promoted among employees, among other things through jointly developed and implemented: Group Mission and Values. They provide a guideline for our conduct in relations with employees, customers and business partners and determine how we communicate and operate within the Group.






The Group endeavours to be a workplace free of bullying, discrimination and other forms of violence, both from superiors and other employees.

The procedure for preventing harassment and discrimination in employment emphasises the following:

- mobbing, discrimination or any other form of violence is not accepted,
- employees have a duty to avoid actions and behaviour that meet the definition of mobbing, discrimination or other forms of violence,
- allowing situations of harassment or discrimination to occur or to be used in violation of one's obligations as an employee. In such a situation, the Company, as the employer, may apply the sanctions provided for in the labour legislation and the internal labour regulations.

### Key indicators related to employment:

#### Total number of employees

|             |  |  |  |  |  |
|-------------|---|---|---|---|---|
|             | POLAND  | ROMANIA   | BULGARIA  | RUSSIA  | TOTAL   |
| 31 Mar 2021 | 353   | 60  | 59  | 65  | 537   |
| 31 Mar 2022 | 368   | 61  | 52  | 56  | 537   |

#### of which Kredyt Inkaso S.A.:

|             |     |
|-------------|-----|
| 31 Mar 2022 | 335 |
|-------------|-----|



**Number of employees by gender**

|                                     |  |  |  |  |  |
|-------------------------------------|---|---|---|---|---|
|                                     | POLAND  | ROMANIA   | BULGARIA  | RUSSIA  | GROUP GRAND TOTAL   |
| <b>At 31 Mar 2022</b>               |   |   |   |   |   |
| <b>Women</b>                        | 262   | 46  | 44  | 33  | 385   |
| <b>Men</b>                          | 106   | 15  | 8   | 23  | 152   |
| <b>Total</b>                        | 368   | 61  | 52  | 56  | 537   |
| <b>of which Kredyt Inkaso S.A.:</b> |   |   |   |   |   |
| <b>Women</b>                        | 257   |   |   |   |   |
| <b>Men</b>                          | 78  |   |   |   |   |
| <b>As at 31 Mar 2021</b>            |   |   |   |   |   |
| <b>Women</b>                        | 248   | 44  | 46  | 37  | 375   |
| <b>Men</b>                          | 105   | 16  | 13  | 28  | 162   |
| <b>Total</b>                        | 353   | 60  | 59  | 65  | 537   |
| <b>of which Kredyt Inkaso S.A.:</b> |   |   |   |   |   |
| <b>Women</b>                        | 242   |   |   |   |   |
| <b>Men</b>                          | 83  |   |   |   |   |

**Number and rate of new hires**

|                                    | Women       |             | Men         |             | Total       |             |
|------------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|
|                                    | 31 Mar 2022 | 31 Mar 2021 | 31 Mar 2022 | 31 Mar 2021 | 31 Mar 2022 | 31 Mar 2021 |
| age below 30                       | 36          | 49          | 22          | 24          | 58          | 73          |
| age 30 – 50                        | 44          | 116         | 25          | 32          | 69          | 148         |
| age above 50                       | -           | 2           | 1           | 6           | 1           | 8           |
| <b>Total</b>                       | <b>80</b>   | <b>167</b>  | <b>48</b>   | <b>62</b>   | <b>128</b>  | <b>229</b>  |
| <i>employment rate</i>             | <i>0.15</i> | <i>0.31</i> | <i>0.09</i> | <i>0.12</i> |             |             |
| <b>of which Kredyt Inkaso S.A.</b> |             |             |             |             |             |             |
| age below 30                       | 16          | 28          | 9           | 11          | 25          | 39          |
| age 30 – 50                        | 37          | 107         | 20          | 21          | 57          | 128         |
| age above 50                       | -           | 2           | 1           | 6           | 1           | 8           |
| <b>Total</b>                       | <b>53</b>   | <b>137</b>  | <b>30</b>   | <b>38</b>   | <b>83</b>   | <b>175</b>  |
| <i>employment rate</i>             | <i>0.16</i> | <i>0.42</i> | <i>0.09</i> | <i>0.12</i> |             |             |

**Number and rate of employee departures**

|                                    | Women       |             | Men         |             | Total       |             |
|------------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|
|                                    | 31 Mar 2022 | 31 Mar 2021 | 31 Mar 2022 | 31 Mar 2021 | 31 Mar 2022 | 31 Mar 2021 |
| age below 30                       | 35          | 46          | 20          | 30          | 55          | 76          |
| age 30 – 50                        | 38          | 129         | 30          | 50          | 68          | 179         |
| age above 50                       | 1           | 5           | 4           | 11          | 5           | 16          |
| <b>Total</b>                       | <b>74</b>   | <b>180</b>  | <b>54</b>   | <b>91</b>   | <b>128</b>  | <b>271</b>  |
| <i>employee turnover rate</i>      | <i>0.14</i> | <i>0.33</i> | <i>0.10</i> | <i>0.17</i> |             |             |
| <b>of which Kredyt Inkaso S.A.</b> |             |             |             |             |             |             |
| age below 30                       | 10          | 10          | 7           | 7           | 17          | 24          |

|                               | Women     |           | Men       |           | Total     |            |
|-------------------------------|-----------|-----------|-----------|-----------|-----------|------------|
| age 30 – 50                   | 29        | 32        | 22        | 26        | 51        | 157        |
| age above 50                  | 1         | 2         | 4         | 10        | 5         | 15         |
| <b>Total</b>                  | <b>40</b> | <b>44</b> | <b>33</b> | <b>43</b> | <b>73</b> | <b>196</b> |
| <i>employee turnover rate</i> | 0.12      | 0.14      | 0.10      | 0.13      |           |            |

## 2.6.1. Training and development

The Group motivates its employees to continuously improve their qualifications and to develop, also through participation in projects and work on process and efficiency improvements, which gives employees the opportunity to continuously develop their skills and systematically acquire knowledge.

### Number and rate of hours devoted to employee training

|  | 31 Mar 2022 | 31 Mar 2021 |
|--|-------------|-------------|
| Number of hours devoted to employee training | 3,393       | 1,773       |
| Average employment                           | 537         | 557         |
| Rate of training hours per employee          | 6.3         | 3.2         |

## 2.6.2. Occupational health and safety

The Group pays particular attention to occupational health and safety. The employer successively modernises and upgrades workstations and tools, analyses incidents and risks related to the safety of individual groups of employees on an ongoing basis.

### Types of accidents and injuries

|                                  | 31 Mar 2022 | 31 Mar 2021 |
|----------------------------------|-------------|-------------|
| Traffic accident                 | 1           | 1           |
| Fall on a flat surface           | -           | 3           |
| <b>Total number of accidents</b> | <b>1</b>    | <b>4</b>    |

## 2.6.3. Organisation and working conditions during and after the COVID-19 pandemic

The Group has made every effort to ensure the safest possible working conditions for employees and their protection against the risk of COVID-19 infection, both in terms of organisation and by dedicating appropriate financial resources. A significant number of employees were moved to a system of rotating remote work, field visits were temporarily suspended, rules and guidelines for working in a coronavirus emergency were implemented and regularly communicated, access to disinfectants and disinfectant fluids was guaranteed at all times, and the availability of disposable masks and gloves for employees was ensured.

The situation now seems to be returning to relative normality. As a result of COVID-19 vaccination programmes in all markets in which the Group operates and the evolution of the virus toward less pathogenic strains, the state of pandemic has been revoked in Poland and the pandemic itself appears to be receding. The lessons learned during the pandemic have resulted in a significant increase in the share of remote work and essentially a shift to a hybrid work model.

## 2.6.4. Mission and values of the Group



During our long-standing presence in the credit management market, we have developed a reliable and unique model of operation and defined attitudes and behaviours through which we consistently build positive and effective relations with our stakeholders and achieve our goals.

Together with our team of employees, we have developed the Mission and Values of the Group. They provide a guideline for our conduct in relations with our Employees, Customers and Business Partners and determine how we communicate and operate within the Group.



### Po pierwsze **Ludzie**

Pracujemy z ludźmi i dla ludzi. Szanujemy naszych pracowników, partnerów i dłużników i oczekujemy od nich tego samego. Zachęcamy do rozwoju i doceniamy wysiłki.



### Walka o **Wynik**

Koncentrujemy się na znalezieniu najprostszyc i najinteligentniejszych rozwiązań dla dłużników i naszego biznesu. Dążymy do osiągnięcia jak najlepszych wyników.



### Gotowi na **Przyszłość**

Podajmujemy zmiany, aktywnie poszukujemy nowych pomysłów, możliwości, technologii i sposobów na to, aby uczynić nasz biznes lepszym dla naszych inwestorów i pracowników, jednocześnie postępując fair wobec dłużników.

## 2.6.5. Compliance rules

The Group has established an organisational unit competent in compliance and has adopted a number of internal regulations on, inter alia, anti-corruption, management of conflicts of interest, ethical principles and an internal notification system (whistleblowing) describing the principles:

- of identifying potential corruption risks, their assessment, monitoring, control,
- of responding to the occurrence of corrupt events,
- of prevention, including with regard to anti-corruption measures,
- of giving and accepting gifts in business relations,
- of reporting irregularities and fraud and protecting whistleblowers,
- of responsibility for non-compliance with internal regulations in this area.

In its activity, the Capital Group aims to build a strong anti-corruption culture, therefore, the Management Board of Kredyt Inkaso S.A. has adopted internal regulations on counteracting corruption for application. They represent the standards of behaviour adopted in the Group, based on ethical, honest and responsible business principles, in compliance with legal regulations and market standards. The Company is absolutely opposed to any form of fraud and corruption, which is reflected in the content of the Policy and the anti-corruption clauses used in contracts with contractors and suppliers. The Management Board ensures that the Group's corruption risk management system operates effectively, that it is continuously improved and is subject to periodic review. The main role in the process of counteracting the risk of corruption has been assigned to the Compliance Officer.

As part of its efforts to counteract the risk of corruption, the Company applies the Standards recommended for a compliance management system for anti-corruption and a whistleblower protection system for companies listed on markets organised by the Warsaw Stock Exchange.

The Management Board of Kredyt Inkaso S.A. has adopted for application the Regulations on management of conflicts of interest in the Kredyt Inkaso Group, the aim of which is to prevent the occurrence of conflicts of interest, their identification, monitoring and managing conflicts in the event of their occurrence, as well as ensuring acting in a reliable, transparent and professional manner in accordance with the principles of fair trading in the entire Capital Group. The Group's conflict of interest management process is coordinated by the Compliance Officer.

The Code of Ethics is a set of rules of conduct, based on general moral standards and in compliance with applicable law, adopted for use by the Group. The Code of Ethics focuses on the Company's relationships with employees and associates, other debt traders, contractors and clients/debtors.

The Group also has internal regulations regarding the internal whistleblowing channel. Through the whistleblowing channel, an Employee may disclose in good faith workplace practices that he reasonably suspects meet the criteria for "Irregularity", defined as any manifestation of a violation. To this end, he/she informs the designated person in the Company who, as a result of the powers granted to him/her, is in a position to take effective action to clarify, stop and correct the reported irregularities.

As a result of the implemented solutions described above, no events bearing the hallmarks of fraud or corruption occurred in the Company during the reporting period.

## 2.7. Data security

For companies in the debt collection industry, effective data protection is an essential condition for credibility. In the Group, this area is governed by the Data Protection Security Policy, created on the basis of the EU General Data Protection Regulation (GDPR). It describes the principles introduced by the said regulation and the rights of personal data owners.

The Company has appointed a Data Protection Officer who can be contacted at [dpo@kredytinkaso.pl](mailto:dpo@kredytinkaso.pl).

During the current reporting period, no fines or any other sanctions were imposed on Group companies in relation to breaches of data protection regulations.

In October 2021, the Group was audited by an independent external auditor for compliance with the requirements under PN-EN ISO/IEC 27001:2017-06 standard on establishing, implementing, maintaining and continually improving an information security management system and estimating and handling information security risks. As a result, the external auditor decided to maintain the validity of the certificate of compliance with the above standard.

The Company has implemented a set of internal regulations as part of its information security management system, and the Compliance Officer is responsible for coordinating activities under this system.

## 2.8. Information on environmental issues

The Group provides financial services that do not have a direct impact on environmental pollution, so the Company has not adopted a separate policy on environmental issues. However, with environmental issues in mind, the Group monitors energy consumption and complies with rules relating to the disposal (return to the supplier) of electronic equipment used, printer toners, fluorescent lamps, etc.

|   | 1 Apr 2021-31 Mar 2022 | 1 Apr 2020-31 Mar 2021 |
|---|------------------------|------------------------|
| Energy consumption in kilowatt hours          | 487,828                | 482,110                |
| <i>Energy consumption. In-house analysis.</i> |                        |                        |

## 2.9. Internal control and risk management systems

The Group has an internal control system in place that supports management by contributing to ensuring the effectiveness and efficiency of operations, the reliability of financial reporting, compliance with risk management principles and compliance with laws, internal regulations and market standards.

The internal control system includes:

- Control function – its purpose is to ensure compliance with control mechanisms relating in particular to the risk management at the Group,
- Compliance unit (Compliance Officer) whose task is to identify, assess, control, and monitor compliance risk with regard to law regulations, internal regulations, and market standards, and to present periodic reports in this regard,
- An independent internal audit unit (Internal Audit Department) whose task is to examine and evaluate, in an independent and objective manner, the adequacy and effectiveness of the risk management system and the internal control system.

The primary objective of the Group's risk management is to ensure that all risks associated with its operations are adequately managed. The Group manages risk through risk identification, measurement and assessment, control, forecasting and monitoring, reporting and management activities.

Risk management by way of periodic risk assessments, in accordance with the current Risk Management Policy at Kredyt Inkaso Capital Group, consists of:

- Risk assessment: identification, analysis and evaluation of risks,
- Risk management, including, where applicable, risk modification,
- Communication and collaboration in the area of risk management.

There is a Risk Committee at the Kredyt Inkaso Capital Group. The tasks and manner of operation of the Committee have been specified in the Regulations of the Risk Committee at the Kredyt Inkaso Capital Group.

Risk factors and threats.

| Risk   | Description of risks and the Company's and Group's exposure to risks  | Risk management  | Risk level |
|--|---|--|------------|
| <b>Risk of breach of obligations other than those under the bonds issued</b>           | If the Group's liquidity deteriorates, it is possible that it will be temporarily or permanently unable to repay previously contracted debt or that it will be in breach of its obligations under the financing agreements. As a result, some or all of the Group's debt may become immediately due and payable, while the collateral assets may be repossessed by financial institutions, which could have a material adverse effect on the Group's business, financial condition and results of operations.<br>Placing external financing on maturity would result in a loss of liquidity for the Group.  | Taking into account the conclusions resulting from ongoing internal analyses and financial data forecasts, the Group minimises the risk of breaching its obligations towards other creditors. In order to reduce risk, the Group diversifies its external financing and manages its liquidity in a way that minimises the risk of its liabilities falling due through an event of default in its financing agreements. | Moderate   |
| <b>Risk associated with the security of processing and protection of personal data</b> | Due to the nature of its business, the Group processes personal data on a large scale and manages personal data sets of significant size.<br>Personal data are processed in accordance with the regulations on personal data protection in force in Poland and in the European Union, as well as in individual countries where the Group's entities operate, including the Russian Federation. However, it cannot be ruled out that, despite the technical and organisational measures in place to ensure the protection of personal data processed, a breach of legal obligations in this regard will occur, in particular an incidental disclosure of personal data to unauthorised persons. In the event of a breach of the legal provisions relating to the | In order to reduce the likelihood of the risk materialising, the Group, acting both as Controller and Processor (within the meaning of the General Data Protection Regulation), has implemented a number of technical and organisational measures. They serve to protect data, including personal data, against loss, damage, destruction or the unwanted leakage outside the  | High       |



| Risk  | Description of risks and the Company's and Group's exposure to risks   | Risk management   | Risk level  |
|---|--|---|-------------|
|   | <p>protection of personal data, in particular the unlawful disclosure of personal data, the Group may be exposed to criminal or administrative sanctions, including in particular those provided for by Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data and repealing Directive 95/46/EC ("GDPR"). Unlawful disclosure of personal data may also result in the Group being exposed to liability for infringement of personal rights or liability for damages under the GDPR, as well as adversely affect the image of the Group or any of its entities, which could have a material adverse effect on the Group's business. Such situations may occur despite the Group's use of technical and organisational measures ensuring the protection of personal data being processed.</p>   | <p>Group, as well as the use or processing to the extent not permitted by law. All activities are based on the following principles:</p> <ul style="list-style-type: none"> <li>• compliance of data processing activities with the law and the agreements concluded,</li> <li>• fulfilment of the legal obligations to provide information to those whose data are collected and processed,</li> <li>• continuous and comprehensive training of employees in data protection and data processing methods,</li> <li>• prevention of unauthorised direct access to data, data files or data processing systems,</li> <li>• prevention of unauthorised electronic access to or acquisition of control over an information system or its functions.</li> </ul> |             |
| <b>Risk associated with transactions with related parties</b>                           | <p>Due to the nature of the Group's operations and structure, there are business transactions between the Group's entities referred to as related party transactions. These transactions may be subject to examination by tax authorities, both in Poland and in other countries where the Group operates. For each audit, the key criterion is the analysis of compliance of financial and non-financial parameters with so-called market conditions.</p> <p>Despite the application of internal rules for determining the terms of transactions between related parties, the Group cannot exclude that the applied transfer pricing and the transfer pricing documentation may be questioned by the tax authorities conducting audits in the Group. This may in turn lead to a change in the Group's accrued taxable income base and the need to pay additional tax, together with default interest and possible additional fines. The occurrence of significant differences between the Group and the tax authorities with respect to the determination of tax income on the basis of transactions of significant value for the Group could have a material adverse effect on the Group's operations, financial position and results of operations.</p> | <p>In order to reduce this risk, the Company analyses the market conditions of transactions on the basis of generally applicable law, and prepares the transfer pricing documentation required by law. In doing so, it uses tools for professional economic analysis, as well as the services of professional entities.</p>   | <p>High</p> |
| <b>Risk of negative revaluation of the carrying amount of purchased debt portfolios</b> | <p>The Group acquires debt portfolios for its own account. If the purchased debt portfolios do not generate the expected cash flows over the assumed time horizon, it may be necessary to revalue them downwards. This risk is relatively higher in new markets or portfolios with unusual characteristics where the Group does not yet have sufficient historical data. Risks can also materialise when things get worse. An additional element affecting this risk is the potential change in foreign exchange rates, which may translate into higher or lower PLN inflows from foreign portfolios (currency risk).</p>  | <p>The Group analyses current repayments from debt portfolios with reference to forecasts and the current economic situation and changes in the law.</p> <p>Based on its analyses, the Group continuously updates the valuation of its debt portfolios based on the most up-to-date cash flow projections.</p>  | <p>High</p> |
| <b>Risk of introducing legal</b>  | <p>The Group's operations involve the purchase and management of debt portfolios sold by original</p>  | <p>The Group constantly monitors the scope of legislative</p>   | <p>High</p> |

| Risk   | Description of risks and the Company's and Group's exposure to risks   | Risk management  | Risk level |
|--|--|--|------------|
| <b>restrictions on the sale of receivables</b>                         | <p>creditors, in particular financial institutions, telecommunications operators and cable TV networks. The scope of such operations, including its limitations, result in particular from:</p> <ul style="list-style-type: none"> <li>• legal regulations and legislative changes,</li> <li>• decisions and rulings of public administrative bodies, e.g. the Polish Financial Supervision Authority, the Office of Competition and Consumer Protection, the President of the Personal Data Protection Office,</li> <li>• communications, guidelines and interpretations of public administrative bodies.</li> </ul> <p>In order to minimise the negative consequences of changes in the environment of the debt collection business, it is necessary to have effective tools in place to monitor any changes and their implementation in the Group.</p>  | <p>changes, both proposed and entering into force, with particular focus on regulations affecting key business areas of the Group. In addition, it keeps itself apprised of communications (guidelines, decisions, etc.) addressed to market participants by public administrative bodies. If it determines that a change or a communication may affect the Group's operations, it takes relevant adjustment measures.</p> <p>The company has separate organisational units:</p> <ul style="list-style-type: none"> <li>• competent for the area of credit management,</li> <li>• Compliance Officer,</li> </ul> <p>that monitor the Group's compliance with the law and update internal regulations as necessary.</p> |            |
| <b>Risk associated with violation of collective consumer interests</b> | <p>The Group's activity in Poland is controlled by, among others, the President of the Office of Competition and Consumer Protection. There is a risk of interpretation that the Group's activities in certain areas may violate the collective interest of consumers. A finding of a violation of the collective interest of consumers by the President of the OCCP (Office of Competition and Consumer Protection, UOKiK) may result in administrative sanctions, including financial penalties, being imposed on the Group. Notwithstanding the above, there is a possible risk of class actions when consumer groups assert their rights. Similar risks apply to the Group's activities in other countries in which it operates. The materialisation of these risks may have a material effect on the Group's business, financial condition and results of operations.</p> <p>The Group's activities are essentially based on the process of collecting debts owed by individual debtors, i.e. consumers, on a mass scale. Potential financial consequences may arise from loss of reputation, increased complaints and claims, increased supervisory scrutiny activity and financial penalties.</p> | <p>As part of the compliance process carried out by the Group, regardless of the actions taken by the Compliance unit, laws, regulations, recommendations and expectations of supervisory authorities (in particular the President of the OCCP) are reviewed on an ongoing basis. Once areas for change are identified, improvements are implemented. The entire process is supported by a Compliance Officer who continuously analyses changes in the legal and regulatory environment and informs the relevant organisational units of these changes. The Compliance Officer then performs periodic independent verification of the status of the changes made.</p>  | High       |
| <b>Liquidity risk</b>  | <p>Expenditure on debt portfolio purchases is financed both from equity and from debt financing, the sources of which are bond issues and bank loans. If the Group's liquidity deteriorates, it is possible that it will be temporarily or permanently unable to repay previously contracted debt or that it will be in breach of its obligations under the financing agreements. As a result, some or all of the Group's debt may become immediately due and payable, the collateral assets may be repossessed by creditors, which could have a material adverse effect on the Group's business, financial condition and results of operations.</p>   | <p>As part of the measures taken to manage liquidity risk, the Group conducts:</p> <ul style="list-style-type: none"> <li>• planning and ongoing monitoring of financial flows,</li> <li>• management of cash flows between Group entities,</li> <li>• recovery of debts on a continuous basis, in accordance with the strategy adopted,</li> <li>• an analysis of the possibilities of using external sources of financing.</li> </ul>  | Moderate   |
| <b>Risks associated with the level of</b>                              | <p>The scale of financing operations with foreign capital is at a moderate level. Existing debt levels can affect the</p>  | <p>The Group continuously analyses the results of its</p>  | Moderate   |

| Risk  | Description of risks and the Company's and Group's exposure to risks  | Risk management  | Risk level      |
|---|---|--|-----------------|
| <b>indebtedness of the Group</b>            | <p>level of financial costs, particularly if market interest rates continue to rise. The occurrence of any of the above events may adversely affect the Company's ability to make payments on the bonds and their timely redemption, as well as the value of the bonds.</p> <p>Taking into account the conclusions arising from the ongoing internal analysis of financial data, as at the Authorisation Date there are no grounds for identifying a threat of loss of liquidity due to the level of the Group's indebtedness, in particular due to liabilities incurred through the issue of bonds, which, however, does not eliminate the risk of a change in this state in the future.</p>   | <p>internal reviews of the financial data on the Group's debt. In addition, the Group hedges interest rate risk with interest rate swaps. Based on master agreements with the bank, the Group may enter into additional derivative contracts to hedge interest rate risk in the event of an increase in credit exposure and the related interest rate risk.</p>  |                 |
| <b>Risks related to consumer bankruptcy</b> | <p>Consumer bankruptcy as a legal institution became effective in 2009 and has been consistently modified since then, starting with the first major amendment that came into force at the beginning of 2016. However, the previous regulations did not allow natural persons not carrying out any economic activity to take full advantage of this means of debt reduction. Thus, the Act of 30 August 2019 Amending the Bankruptcy Law and Certain Other Acts (Journal of Laws of 2020, item 1288), which became effective on 24 March 2020, made it much easier for consumers to declare bankruptcy, which translated into a significant increase in bankruptcy proceedings.</p> <p>Based on the COIG (Central Business Information Centre) data, in 2021 a record-high number of consumer bankruptcies were declared, i.e. more than 18,000, compared to about 13,000 in 2020. In 2022, by the end of May, consumer bankruptcy was declared with respect to 6,028 persons, a significant decrease compared to the same period of the previous year, when 7,625 bankruptcies were declared.</p> <p>In its activities, Kredyt Inkaso S.A., similarly to other entities operating in the debt collection industry, has observed a growing scale of initiated bankruptcy proceedings, in particular regarding consumer bankruptcy, starting in 2016, when the law that has significantly liberalised the process came into force. At present, the insolvency of the debtor is the only condition for declaring bankruptcy, which means that bankruptcy is declared in the case of virtually all applications. However, bankruptcy alone does not equal debt reduction. A growth on a nationwide scale has also been observed in the number of cases managed by the Kredyt Inkaso Group. However, after a period of significant growth in late 2020 and early 2021, the number of new bankruptcies stabilised at some 350 per month, which is in line with the generally recorded trend of lower number of bankruptcies nationwide. This is most likely a result of the entry into force on 1 December 2021 of the Act on the National Register of Debtors of 6 December 2018. As of this date, all new bankruptcy proceedings are conducted in accordance with the Act and are disclosed in the new public Register of Debtors. The change does not affect the bankruptcy proceedings themselves, however, a technical flaw of the register that prevents or hinders procedural steps taken by courts and receivers may have contributed to a reduction in the number of bankruptcy petitions filed.</p> | <p>To reduce the risk, the Group has streamlined and organised the processes related to the proper, efficient and timely handling of cases in involving bankruptcy.</p> <p>To minimise the risk of incurring the additional costs of reporting claims, which must be incurred in the event of reporting a claim after the statutory deadline, a mechanism was put in place to quickly search for debtors who have declared bankruptcy, enabling the Group to join bankruptcy proceedings in a timely manner.</p> | <p>Moderate</p> |

| Risk  | Description of risks and the Company's and Group's exposure to risks  | Risk management  | Risk level |
|---|---|--|------------|
| <b>Regulatory risk</b>  | <p>The risk of changes in the regulatory environment refers in particular to changes in the legal area applicable to the Group's operations. Changes in the legal regulations concerning the debt collection sector, civil procedure, securitisation funds, functioning of capital and public companies, as well as conducting activities supervised by public administration bodies in the area of securitisation fund management, as well as general rules of conducting business activity, trading in financial instruments and tax regulations, may prove significant from this point of view.</p> <p>In addition, the Group has foreign subsidiaries and, in addition to its operations in Poland, it operates in the jurisdictions of Luxembourg, Romania, Bulgaria, Croatia and Russia, as well as the laws of the European Union. There are therefore risks associated with the possibility of regulatory changes in other jurisdictions as well.</p> <p>Additionally, conducting operations in a foreign legal system generates an increased risk of incorrect identification of tax obligations by the Company, as an entity managing the Group.</p> <p>Changes in the legal regulations may be connected with interpretation problems, inconsistent court decisions, legal restrictions related to conducting business activity and unfavourable interpretations adopted by public administration bodies. Any such change in regulations may cause an increase in the Group's operating costs, affect its financial results and cause difficulties in assessing the effects of future events or decisions, and consequently may affect the Group's payment capabilities.</p> | <p>The Group, through a dedicated organisational unit, monitors changes in the legal and regulatory environment. In addition, as a member of the Association of Financial Companies in Poland, the Company takes an active part in issuing opinions on regulatory changes and shaping the debt market in Poland. The Group also cooperates with renowned consulting firms, both locally and internationally.</p>   | Moderate   |
| <b>Risk of a material decline in the level of repayments on portfolios acquired</b> | <p>A significant decrease in the level of collections from acquired portfolios could have a negative impact on the financial and operating position. The Group does not have any individual receivables for which non-payment could materially reduce liquidity, but such a situation cannot be ruled out in the future. Collections from bulk processes involve many customers whose payment is independent. Thus, risks may materialise, but mainly as a result of significant macroeconomic developments. High inflation readings and rising interest rates may reduce real household budgets of customers that make payments to the Group, and rapid changes in tax laws may have an unclear impact on recoveries from purchased portfolios.</p>  | <p>The Group mitigates the risk of a significant decline in recoveries by monitoring daily inflows on an ongoing basis and – in the event of significant deviations from expected recoveries – by updating its short- and/or long-term management strategy, intensifying or adjusting enforcement activities related to selected debt packages. The management strategy and product offerings are revised in line with the changing business environment to optimise the ultimate results.</p> | Moderate   |
| <b>Risk of investments in debt portfolios</b>                                       | <p>The development of the debt trading market in Poland in the recent years results in the increase in the number and diversity of parameters of offered debt portfolios and, consequently, in the data which the Group must analyse before making an investment decision.</p> <p>Valuation of debt portfolios is a complex process of statistical and expert assessment. In view of the fact that each debt portfolio offered for sale is different, and there are differences even at the level of portfolios originating in the same country and from the same original creditor, there is a risk of inappropriate valuation of its value, and thus the inability to recover the amounts spent on the purchase of the portfolio and the operating costs of debt recovery. In addition, one of</p>  | <p>The models used to value debt portfolios are continually adapted and updated to the business conditions in which the Group operates. Not only the current state is taken into account, but also projected changes (e.g. taking into account the effects of the COVID-19 pandemic).</p>  | Moderate   |

| Risk                   | Description of risks and the Company's and Group's exposure to risks  | Risk management   | Risk level |
|------------------------|---|---|------------|
|                        | <p>the main criteria for investment in debt portfolios is the expectation of the distribution of cash flows that the Group will receive from debt recovery. When making an investment, however, the Group cannot be certain that the cash flows from its receivables will be consistent with its original estimates of the amounts and repayment deadlines. The main reasons for the risk of recording lower cash flows include the deterioration of the debtors' financial position for economic reasons, lower than expected efficiency of the debt collection process and incorrect assumptions made by the Group at the investment date. Inappropriate valuation of the acquired debt portfolios may result in overestimation of their value, which may adversely affect the Group's result and thus the value of its equity. In turn, lower than expected or postponed cash flows from the purchased portfolios may negatively affect the ability of the Company to make payments on the bonds and their timely redemption, as well as the value of the bonds.</p> |   |            |
| <b>Compliance risk</b> | <p>Due to the scale, scope and specific nature of our business, which is affected by, among other things, laws, prudential regulations, recommendations of supervisory authorities or standards of conduct applied in the market, there is a risk of inadequate compliance with the above, which may result in administrative penalties (including financial penalties) imposed by supervisory authorities, loss of reputation or loss of licence. It should be noted that the activity conducted by the Company is a regulated activity, which means that in order to carry out this activity the Company must obtain a permit from the Financial Supervision Authority and, consequently, is also subject to the supervision of this authority. Failure to comply with or misapplication of supervisory requirements may consequently lead to sanctions by these authorities. As an entity listed on the Stock Exchange, the Company is additionally obliged to comply with the rules and standards set by the WSE.</p>   | <p>The Group has adopted internal regulations in the area of compliance, such as compliance risk management, conflict of interest management, anti-corruption, protection of professional secrecy, information security, whistleblowing, and ethical principles. In addition, an independent and autonomous position of Compliance Officer has been set up in the organisational structure. The Compliance Officer is responsible for coordinating the management process in the above areas.</p> <p>As a result of the formal, regulatory and organisational solutions adopted, the Group:</p> <ol style="list-style-type: none"> <li>1) maximises the effectiveness of the compliance process by striving for the complete identification of compliance risks, the most accurate assessment of the risk profile and the effective mitigation of those risks,</li> <li>2) complies with the law through defined internal controls and internal regulations that ensure compliance with the law and relevant market standards,</li> <li>3) maximises the financial result by reducing the costs and losses associated with the Group's failure to comply with the rules arising from legislation, prudential</li> </ol> | Moderate   |



| Risk   | Description of risks and the Company's and Group's exposure to risks   | Risk management   | Risk level      |
|--|--|---|-----------------|
|  |  | <p>regulations and other rules that are not mandatory by law, 4) promotes the highest standards of ethics and integrity in the conduct of business.</p>   |                 |
| <b>Risk of deterioration of the financial condition of debtors</b>                         | <p>The amount of proceeds from the recovery of receivables from debt portfolios depends on the financial health of the debtors. Deterioration of the economic situation in Poland and on foreign markets may consequently result in a halt in economic growth, an increase in the unemployment rate, a fall in demand, a fall in real income and thus a deterioration of debtors' financial condition and their ability to settle their liabilities. The current SARS COV-2 pandemic could significantly affect the financial condition of debtors and the health of the economy as a whole. The restrictions on doing business introduced to fight the epidemic, which affect many sectors, will have a knock-on effect on the income of debtors, both those who run their own businesses and those employed by the affected businesses. In addition, the long-term effects of the epidemic include a fall in GDP and a rise in unemployment, with a consequent impact on the debtors' financial condition.</p> <p>Any deterioration in the financial condition of debtors, regardless of their type (individuals or businesses), may directly affect the return on investments in debt portfolios, which may have a material adverse effect on the Group's operations, financial position and results of operations.</p> | <p>The Group continuously monitors the situation related to the development of the COVID-19 pandemic and the events caused by it and conducts an analysis regarding the need to take measures to reduce the scale of its impact on the Group's future financial performance. However, due to the dynamics of the COVID-19 pandemic situation, the development of which is linked to external factors beyond its control, the Group is unable to definitively determine the impact of this situation on its permanent deterioration in the financial condition of its debtors.</p> | <p>Moderate</p> |
| <b>Risk of being unable to purchase new debt portfolios and new debt collection orders</b> | <p>Due to the activities of competitors, both those already operating on the Group's markets and new players, or due to changes in the methods used by debt sellers, in particular changes to the formula for selling debt portfolios or acquiring debt servicing entities, the Group may face limitations on acquisition of new debt portfolios attractive to the Group and new orders for management of debt portfolios or outsourcing debt collection. The Group's restrictions on acquiring further debt portfolios may also be constrained by the Group's restrictions on access to capital and the development by the original creditors of their own specialised debt collection and restructuring departments. These factors could have a material adverse effect on the Group's operations and its revenue outlook</p>  | <p>In order to reduce this risk, the Group continuously monitors the market for debt purchases and the market for debt collection services, both in terms of the activities of competitors and the formula for selling debt portfolios or attracting entities to cooperate.</p>   | <p>Moderate</p> |
| <b>Risk of increase in debt portfolio prices</b>   | <p>In the near term, transaction prices may continue to grow – market prices in certain portfolio sales transactions have already increased, especially in the market of debt to banks. The increased interest in investments in debt portfolios and the continued low supply of portfolios may cause further increases in portfolio prices. In the short term, the price increase may translate into increased negative cash flows for the Group, while in the medium and long term it may translate into lower profitability of the debt collection business, due to, among other things, higher portfolio amortisation values. This may have an adverse effect on the Group's operations and its revenue outlook.</p>   | <p>The Group continuously monitors the debt purchase market and the level of transaction prices of debt portfolios available on the market.</p>   | <p>Moderate</p> |

| Risk   | Description of risks and the Company's and Group's exposure to risks   | Risk management  | Risk level |
|--|--|--|------------|
| <b>Risk of increasing the size of debt portfolios offered for sale</b>                             | <p>The current market situation may result in a significant increase in the size and value of debt portfolios put up for sale in the near future. There is a risk that with significant growth, the Group may find it difficult or impossible to participate independently in tenders for the purchase of the largest and most attractive debt portfolios. As a consequence, the Group may be forced to form consortia in order to participate in some, especially the most attractive, tenders or to focus on purchasing smaller portfolios whose price attractiveness is significantly lower due to significantly higher competition, which may have a material adverse effect on the Group's business, financial condition and results of operations.</p>   | <p>In order to reduce this risk, the Group takes steps to attract potential investors for the purchase of debt portfolios with high volumes.</p>   | Moderate   |
| <b>Risk of low statutory interest rate</b>   | <p>The rate of statutory default interest from 9 June 2022 is 9.5% per annum. Over the last few years, the statutory default interest rate decreased to 3.6% in May 2021 as a result of consecutive interest rate cuts. In 2021, rising inflation forced the Monetary Policy Council to take action, resulting in eight interest rate hikes since October 2021, the last of which occurring in June 2022.</p> <p>Further interest rate hikes are possible in the near term. The level of statutory default interest has a direct impact on the Group's interest income from past due receivables, but at the same time it increases the cost of financing and adversely affects the financial condition of debtors. Given the existing and announced further increases in interest rates, the risk should not materialise in the near term.</p>  | <p>The Group manages the risk by analysing the market, adjusting medium/long-term forecasts and the scale of its operations.</p>   | Low        |
| <b>Risk of negative image</b>  | <p>The recovery of debt conducted by the Group concerns, in many cases, individuals and legal entities in a debt spiral. Some individuals against whom debts are pursued or individuals from their environment may resort to the intervention of media interested in catchy topics and decide to create the so-called black PR against the Group or the industry in general. These actions may be based on facts as well as on slander and false information, including that constituting unfair competition. In the case of publicity of such cases by the media, each of them may have a direct or indirect impact on the credibility of the Group in the eyes of investors, entities providing financing, sellers of debt portfolios and other counterparties. This may contribute to a reduction in the valuation of financial instruments issued by the Company or a reduction in the availability of external financing and a reduction in the number of debt portfolio purchase transactions entered into by the Group.</p> | <p>A process was implemented to monitor the media for information in the context of the Company and the Capital Group, together with a direct response to published information.</p> <p>As part of the Association of Financial Enterprises, the Company participates in a PR initiative called "Debt collection - a clear case". It has an educational purpose, familiarising both the media and their audiences with the principles of operation of debt management companies and the legal basis on which they operate.</p> | Moderate   |
| <b>Risk associated with the macroeconomic situation and the socio-economic situation in Poland</b> | <p>The activity and level of financial results generated by the Group, as well as the pace of implementation of strategic plans, depend on the macroeconomic situation in the market. The Group's operations are influenced by factors such as the level and trends of GDP, inflation, unemployment levels, government fiscal and monetary policies, availability of financial resources, the growth of real incomes of the population, unemployment levels, changes in the economic situation at national, regional and global levels, changes in the political situation at central and local government levels, as well as the economic</p>   | <p>The Group continuously analyses the macroeconomic situation and changes in the banking and financial sector, although it has no direct influence on them. The level of debt repayments and the level of costs associated with debt management are monitored. The Group adapts its operating model to the changing external environment by creating</p>  | Moderate   |

| Risk   | Description of risks and the Company's and Group's exposure to risks   | Risk management   | Risk level      |
|--|--|---|-----------------|
|  | <p>situation, of household enterprises. Possible adverse trends in macroeconomic, social and political factors could adversely affect the Group's results, financial position and outlook.</p>   | <p>financial forecasts over the short, medium and long term.</p>  |                 |
| <b>Risk associated with the fluctuation of foreign exchange rates</b>  | <p>The Group operates in foreign markets and is therefore exposed to currency risk, mainly from investments in debt portfolios and the servicing of receivables purchased outside Poland. Exchange rate fluctuations affect the financial result through:</p> <ol style="list-style-type: none"> <li>1) changes in the value of revenues from foreign markets expressed in Polish zloty and costs expressed in Polish zloty in the part related to operating activities in foreign markets;</li> <li>2) changes in the value of foreign debt portfolios (purchase price and valuation), the value of which expressed in PLN is dependent on exchange rates (recognition or release of impairment losses);</li> <li>3) unrealised exchange differences on the valuation of settlements as at the balance sheet date.</li> </ol> <p>The Group is exposed to foreign currency risk arising from short-term receivables and payables, cash and cash equivalents, capital expenditures and loan commitments in foreign currencies and investments (net asset value) in the Group's foreign subsidiaries.</p> <p>The volatility of exchange rates, caused in particular by the deterioration of macroeconomic indicators and the increase in political risks of the countries in which the Group operates, could have a material adverse effect on the Group's operations and financial position.</p>                        | <p>Much of the Group's activity takes place in the Polish market, however, due to its foreign operations, the Group continuously measures currency risk and open currency positions. Based on framework agreements with the bank, the Group may enter into additional derivative contracts to hedge its currency risk.</p>  | <p>Moderate</p> |
| <b>Risk of loss of the permit issued by the Polish Financial Supervision Authority for managing securitised receivables of a securitisation fund</b> | <p>The Company holds a permit from the PFSA to manage securitised receivables of securitisation funds, issued pursuant to the PFSA's decision of 15 February 2012. The permit allows for income to be obtained from the core activity - management of receivables purchased by investment funds from financial institutions, mainly banks, which in practice is only possible for securitisation funds. Pursuant to the Act on Funds, the Company, as an entity managing securitised receivables, is obliged to conduct activity within the scope of management of securitised receivables with observance of the principles of fair trading and in a manner which duly protects interests of participants of a securitisation fund.</p> <p>There is a risk that in case of improper performance of obligations resulting from the obtained permit for management of securitised receivables, the permit may be withdrawn by the PFSA (Polish Financial Supervision Authority) or the PFSA may impose a fine up to the amount of PLN 500,000. In such case, the Company may temporarily or permanently lose the possibility of obtaining additional sources of income on account of management of foreign receivables of financial institutions and the possibility of further development of its core business and thus increasing the scale and share of income on account of activities of the managing entity.</p> | <p>In February 2021, the Company implemented the audit recommendations issued by the Financial Supervision Authority on 30 October 2019 and put in place procedures to more effectively identify and prevent the occurrence of potential violations of the interests of participants or the provisions of the Act on Funds. Furthermore, the Company believes that the sanction of withdrawal of the permit to manage securitised receivables of a securitisation fund is a final sanction (<i>ultima ratio</i>) and should be applied only in exceptional situations, primarily where the financial market operator has flagrantly violated the law.</p> | <p>Low</p>      |
| <b>Risk that the Polish Financial Supervision Authority (PFSA)</b>   | <p>The Company introduced organisational changes in connection with the audit conducted by the Polish Financial Supervision Authority, the subject of which was, inter alia, examination of compliance with the law</p>  | <p>As part of implementation of the PFSA's follow-up recommendations, the Company strengthened the</p>  | <p>Low</p>      |

| Risk   | Description of risks and the Company's and Group's exposure to risks  | Risk management   | Risk level      |
|--|---|---|-----------------|
| <b>will initiate administrative proceedings to impose sanctions for breach of the Act on Funds, following an audit</b> | <p>in the scope of management of securitised receivables by the Company, as well as irregularities found, there is a negligible risk of the Polish Financial Supervision Authority initiating, as a result of the audit conducted, administrative proceedings against the Company for imposing sanctions for breach of the provisions of the Act on Funds.</p>  | <p>organisational separation of operations related to securitised debt management in terms of technical capacity, organisation, staffing and documentation from other operations of the Company related to debt purchase for own account and for the account of the Group entities.</p> <p>Moreover, the Company ensures appropriate organisational conditions required by the PFSA in the form of entrusting dedicated and separate organisational units within the Company's structure with the management and decision-making concerning securitised receivables.</p>                |                 |
| <b>Risk of failure to achieve the Group's strategic assumptions</b>  | <p>Delay, partial or complete lack of possibility to implement the Group's strategic assumptions, e.g. due to changes in the market situation, macroeconomic or regulatory environment, mistakes of persons responsible for implementation of the Group's strategy, may significantly affect operating activities of the Company and the Group, and indirectly their financial results. This, in turn, may translate into a slowdown in the acquisition of further debt portfolios due to a weaker capital base, both in terms of equity and third-party capital.</p> <p>Delays in achieving strategic objectives or the occurrence of any of the above circumstances could have a material adverse effect on the Group's business, financial condition or performance.</p> | <p>The Group conducts ongoing monitoring of its operational and financial performance and the progress of its strategy. The Group implemented numerous control measures to ensure numerical and cyclical analysis of the correctness of the strategic activities carried out. In addition, the Group prevents the risk of misdefining its strategic objectives, in annual cycles, before preparing the budget for subsequent years, by carrying out an analysis of the strategy including verification of the opportunities and threats arising from the macroeconomic environment.</p> | <p>Moderate</p> |
| <b>Risk of corporate disputes with a shareholder</b>   | <p>BEST S.A. of Gdynia holds 33.09% of the total number of votes at the General Meeting. BEST S.A. conducts business activity competitive to Kredyt Inkaso S.A. Given the competitive nature of the Shareholder's business and the existing disputes between the Shareholder and the Company, there is a likelihood that the Shareholder will take actions that impede the development of the Company or that will be detrimental to its reputation.</p> <p>The ongoing dispute has a multi-faceted dimension, and BEST S.A., having corporate rights as a shareholder, effectively uses various legal means to escalate the conflict.</p>  | <p>The Company employs qualified lawyers and cooperates with reputable law firms in order to minimise the effects of potential Shareholder actions that may be taken to hinder the Company's development or against its reputation.</p>   | <p>Moderate</p> |
| <b>Risk of exceeding investment limits by own closed-end investment funds</b>  | <p>In connection with the Group's holding of closed-end investment funds, there is a risk of exceeding the investment limits set by applicable legislation or the funds' articles of association, for individual funds or subfunds. This risk may also materialise in overexposure to one market sector, type of debt or other assets,</p>  | <p>The Company, as manager of the debt portfolios of closed-end investment funds, in cooperation with investment fund management companies, monitors on an ongoing basis</p>  | <p>Moderate</p> |

| Risk   | Description of risks and the Company's and Group's exposure to risks   | Risk management   | Risk level |
|--|--|---|------------|
|  | <p>which may result in adverse financial consequences if the value of the assets held by the fund or subfund decreases, also as a result of changes in the debt market. The risk of exceeding investment limits may be updated as a result of an investment decision by the company managing a given closed-end investment fund, a decision by the managing entity or a passive change in the value of assets.</p>   | <p>the limits assigned to individual investment funds and prepares and applies procedures, strategies, operational guidelines and plans aimed at reducing the above risks.</p>  |            |
| <b>Risk associated with an increase in operating costs</b> | <p>A significant increase in the Group's operating costs may be affected by increases in such cost groups as: (i) costs of court, notary, bailiff and other litigation fees related to the management of receivables through legal means; (ii) costs of postal and banking fees; (iii) labour costs; (iv) costs of services and materials purchased by the Group and (v) costs of obtaining financing.</p> <p>The costs indicated under items (i) and (ii) above may increase in particular due to possible changes in legislation. Due to rising inflation, it is highly likely that the cost of services and materials will further increase (iv) and that an upward pressure on salaries will occur (iii).</p> <p>A disproportionate increase in any of the aforementioned cost groups, particularly in relation to the dynamics of realised revenues, may adversely affect the Group's development dynamics and results of operations and, consequently, the ability to make payments on the bonds and their timely redemption, as well as the value of the bonds.</p> | <p>As the Group has no influence on the growth of most of these costs, its activities are mainly focused on reducing the negative impact of these risks on the results of operations. In order to minimise the risk of increased operating costs, the Group takes the following measures:</p> <ul style="list-style-type: none"> <li>▪ increases operational efficiency,</li> <li>▪ reduces cost-creating activities by selectively choosing cases with potential for cost recovery,</li> <li>▪ chooses the less costly action if the probability of obtaining the expected returns is similar,</li> <li>▪ refrains from costly legal action if the cost is greater than the likely benefits,</li> <li>▪ for reasons of costs, discontinues enforcement upon request in cases where this is related to the repayment of the debt or to an agreement with the debtor on its repayment and at the same time where the creditor is able to demonstrate this fact to the bailiff,</li> <li>▪ monitors cases with suspended enforcement proceedings with a view to their adoption within the statutory period,</li> <li>▪ in cases where this is appropriate, the creditor lodges a complaint against the action of the judicial officer concerning the costs to be borne by the creditor.</li> </ul> <p>Preventive measures consist of tracking changes that lead to potential cost increases. Where possible, the Group implements these measures in</p> | Moderate   |



| Risk   | Description of risks and the Company's and Group's exposure to risks  | Risk management  | Risk level |
|--|---|--|------------|
| <b>Risk of changes in legal regulations concerning debt recovery</b> | <p>A threat to the Group's operations is the instability of the legal system in Poland. Frequently changing regulations and their interpretation significantly hamper business operations and significantly reduce the predictability of financial results. Also a risk for the Group are changes in regulations in many areas of law, in particular changes in those legal acts relating directly or indirectly to the Company's activities. As a result of unfavourable legislative changes, the risk of increased costs or workload, prolonged litigation or reduced legal recovery may materialise. A change in these laws or in their application or interpretation could have an adverse effect on the Group's business, financial condition and results of operations.</p>   | <p>advance even before these costs increase.</p> <p>As the impact on the legislative change process is negligible, preparing the organisation for the announced changes seems to be the most appropriate way to mitigate this risk. Monitoring potential changes in legislation becomes crucial in this respect. The Company is a member of the Association of Financial Enterprises and actively participates in the work related to monitoring and providing opinions on legislative changes concerning the financial industry.</p> <p>The Company has introduced a mechanism for selecting cases referred to court and enforcement proceedings on the basis of predictive models, eliminating cases with a low potential for obtaining a title and enforcing the debt by way of compulsory bailiff enforcement. For cases with less potential, less costly forms of recovery are used, bypassing the legal stage.</p> | Moderate   |
| <b>Risk associated with changes in interest rates</b>                | <p>One of the most important factors influencing the situation of households and enterprises, including, inter alia, their ability to meet their obligations, is the level of interest rates. An increase in interest rates most often translates into an increase in the cost of financing, which in turn may translate into an increase in the ability of individual debtors to service their debt. A reduction or loss of this capacity could translate negatively into the Group's financial performance.</p> <p>In order to finance its operations and development plans, the Group uses debt capital in the form of bank loans and bonds. In the loan agreements entered into and the terms and conditions of the bond issue, the interest rate on the financing provided is usually set at a variable interest rate plus a margin. Therefore, there is a risk that an increase in interest rates will translate into an increase in the Group's financial costs associated with the repayment of its liabilities, which may consequently translate into a deterioration in its financial performance.</p> <p>Changes in interest rates also have an impact on the fair value of debt portfolios purchased by the Group, which is estimated using a discount rate. However, it should be noted that the change in market interest rates does not directly affect the value of the portfolios accounted for in the Group's statement of financial position at amortised cost.</p> <p>Unfavourable changes in interest rates may have a material adverse effect on the Group's business, financial condition and results of operations.</p> | <p>The Group controls financial ratios under loan agreements and bond prospectuses and measures interest rate risk. The Group hedges interest rate risk with interest rate swaps. In addition, based on framework agreements with the bank, the Group may enter into additional derivative contracts to hedge its interest rate risk.</p>  | Moderate   |

| Risk   | Description of risks and the Company's and Group's exposure to risks   | Risk management  | Risk level |
|--|--|--|------------|
| <b>Risk associated with the requirement to obtain a majority of more than 60% of the votes cast or more for the adoption of resolutions of the General Meeting of Shareholders</b> | <p>Pursuant to the Articles of Association, a majority of more than 60% of the votes cast is required for the adoption of a resolution by the General Meeting, unless the Commercial Companies Code or the Articles of Association provide for more far-reaching requirements (qualified majority vote). In a dispersed shareholding environment, this solution raises the risk that in the event of a divergent position between shareholders (in the case of a dispersed shareholding structure) the General Meeting may not be able to adopt resolutions due to the impossibility of obtaining a majority of more than 60% of votes cast in favour of a given resolution. Such provisions of the Company's Articles of Association and the provisions of the Commercial Companies Code may, if Waterland's shareholding in the Company is reduced in a manner that does not ensure a majority of 60% of the votes represented at a given General Meeting or in respect of matters requiring a greater number of votes under the Commercial Companies Code or the Articles of Association, hinder the adoption of resolutions and, in extreme circumstances, paralyse the work of the General Meeting, which could have a material adverse effect on the Company's corporate credibility and, indirectly, the Group's business.</p>  | <p>It is in the interest of the majority shareholder to hold such a number of shares as to be able to pass resolutions at the General Meeting which do not require a qualified majority of votes on its own. However, the adoption of resolutions requiring a qualified majority is not necessary for the continuation of current operations at this time.</p>   | <p>Low</p> |
| <b>Risk associated with copyrights to software used by the Group</b>   | <p>In the course of its business, the Group uses, among other things, software for which it has obtained licences or economic copyrights from third parties, as well as subcontracts programming services for the creation or development of software to external providers of such services. The legal basis for the Group's use of such software is the relevant licence agreements or agreements transferring copyrights. The Company cannot assure that third parties will not bring claims against Group companies alleging infringement of their intellectual property rights, or that the protection of the rights to use such software will be carried out effectively by the Group. It cannot be guaranteed that in every case the Group will be able to extend the licence period, and thus continue to use the software in question, beyond the end of the originally envisaged licence period. In addition, in the course of internal work on our own IT solutions carried out with the participation of persons cooperating with the Group companies under civil law contracts, it cannot be excluded that doubts may arise as to whether the Group companies have effectively acquired, or have acquired to the appropriate extent, the copyrights to the IT solutions created by such persons. The Group may therefore be exposed to the risk of third parties making claims regarding the software used by the Group, which, if found to be valid, could have a material adverse effect on the Group's business, results, condition or perspectives.</p> | <p>The Company has implemented an internal regulation dedicated to the management of intellectual property, including licences, describing, among other things:</p> <ul style="list-style-type: none"> <li>▪ the rules for acquiring intellectual property rights depending on the source of acquisition (e.g. under employment contracts, civil law contracts),</li> <li>▪ the conditions for concluding contracts for the acquisition of intellectual property rights (e.g. subject matter of the licence, fields of exploitation, time of transfer of rights, indemnity against third party claims, contractual penalties),</li> <li>▪ the rules for documenting and updating intellectual property rights,</li> <li>▪ the rules for dealing with infringements of intellectual property rights.</li> </ul> <p>The Company has additionally created in its organisational structure separate organisational units dedicated to legal services, ensuring compliance and internal audit to ensure compliance with the</p> | <p>Low</p> |

| Risk  | Description of risks and the Company's and Group's exposure to risks  | Risk management  | Risk level |
|---|---|--|------------|
|   |   | aforementioned regulations as well as a special purpose vehicle conducting strictly IT activities.   |            |
| <b>Risk of discontinuation of services to external securitisation funds</b>               | <p>Part of the Group's revenue comes from the provision of portfolio management services to external securitisation funds. A temporary or permanent reduction in the scale of cooperation or discontinuation of cooperation with the entities for which the Group manages debt portfolios, as well as the Group's inability to attract new entities to cooperate in this area, may adversely affect the Group's revenue, which could have an adverse effect on the Group's business, financial condition and results of operations. The risk is specific to the Group, which manages debt portfolios as part of its activities, and real, as the termination of cooperation with certain investment fund companies in the management of debt portfolios of securitisation funds has already taken place, although this does not significantly affect the financial position of the Company and the Group.</p>   | <p>In order to reduce this risk, the Company provides services to securitisation funds managed by various investment fund companies and monitors the market with a view to establishing cooperation with new securitisation funds.</p>   | <p>Low</p> |
| <b>Risk associated with the influence of the majority shareholder on the Company</b>      | <p>As at the Authorisation Date, WPEF VI Holding 5 B.V., with its registered office in Bossum, the Netherlands, which belongs to the capital group Waterland Private Equity Investments B.V. ("Waterland") holds 7,929,983 shares in the Issuer, representing 61.49% of the Issuer's share capital and 61.49% of the total number of votes at the General Meeting. This has the effect of limiting the ability of minority shareholders to influence the Company and the Group, particularly as Waterland exercises voting rights on the majority of shares at the General Meeting. Waterland therefore has a decisive influence, through its participation in the General Meeting, on the adoption of resolutions on the payment of dividends or the appointment and removal of members of the Supervisory Board, which shapes the composition of the Company's Management Board. Waterland's dominant shareholding position allows it to exercise effective control over the Company's and the Group's operations, including, as a result of its shareholding, exercising significant influence over such important matters as management decisions and the implementation of investment policies and business strategies.</p> <p>The interests of the majority shareholder and the Company are consistent and consist in maximising profits, while the possible influence of the majority shareholder on the Group's activities is regulated by mandatory legislation.</p> | <p>It is in the interest of the majority shareholder to hold such a number of shares as to be able to pass resolutions at the General Meeting which do not require a qualified majority of votes on its own. However, the adoption of resolutions requiring a qualified majority is not necessary for the continuation of current operations at this time.</p> | <p>Low</p> |
| <b>Risk of privileging bondholders of securitisation funds in which the Group invests</b> | <p>Given the business model adopted by the Group, funds raised through bond issues may be used to acquire investment certificates of securitisation funds acquiring debt portfolios. In addition to the issue of investment certificates, which are subscribed for, among others, by the Group, these funds may also raise funds by issuing bonds and taking out bank loans, up to the amounts specified in the Act on Funds. Receivables of bondholders for taking up bonds of the funds may be privileged over receivables for investment certificates held by the Group, which in the case of liquidity</p>  | <p>The Group, being aware of the risk of preference of bondholders of bonds issued by securitisation funds, as an investor recommends raising funds from other sources to avoid the risk. The funds whose investment certificates the Group holds as at the Authorisation Date did not have any bonds in issue.</p>  | <p>Low</p> |

| Risk  | Description of risks and the Company's and Group's exposure to risks   | Risk management   | Risk level      |
|---|--|---|-----------------|
|   | <p>problems or permanent problems with payment of liabilities by securitisation funds creates the risk of inability to recover funds invested by the Group in investment certificates, which could have a material adverse effect on the Group's business, financial condition and results of operations.</p>  |   |                 |
| <b>Risk associated with the development of technologies</b>                                       | <p>There is a risk that new solutions will appear on the market which will make the services offered by the Group unattractive and will not provide the Group with the revenues expected at the stage of their creation and development. In addition, there is a risk that new technological solutions, which the Group is currently or will be working to create or develop in the future, will not achieve the expected parameters, which would have a negative impact on the recovery of the expenditure incurred.</p> <p>Failure to develop and invest in modern IT solutions may result in reduced efficiency of service delivery, which may in turn translate into operational efficiency.</p>   | <p>The Group analyses emerging market trends in the development of information technologies and products and possible ways of using them - especially in the FinTech area. In addition, it establishes and maintains commercial relations with technology partners in order to test and implement modern technologies and ensures that the high technological level of its own solutions is maintained. As part of the adopted IT strategy, the Company established a team responsible for the analysis, verification and implementation of innovative solutions.</p> | <p>Low</p>      |
| <b>Risk of not obtaining financing for the acquisition of new debt portfolios</b>                 | <p>The Group's main activity is the acquisition of debt portfolios for its own account, which requires the commitment of significant financial resources, in part by obtaining external financing in the form of bank loans and bond issues.</p> <p>It cannot be ruled out that due to the possibility that the perception and assessment of the Group's financial credibility may deteriorate in the future or due to a deterioration in external conditions, such as the perception of debt instruments, regulatory changes, changes in market interest rates, there may be a reduction in the availability of external financing, which may reduce the Group's potential to acquire new debt portfolios and consequently translate negatively into the Group's financial results and the Company's ability to make payments on the bonds, including their timely redemption, and value.</p> | <p>The risk mitigating factor is the Company's long history of active participation in the bond issue market. With regard to the series of bonds issued by the Company and traded on the stock exchange, the Company holds quarterly meetings with investors where it presents its current results and business development prospects.</p>  | <p>Low</p>      |
| <b>Risk related to military hostilities of the Russian Federation in the territory of Ukraine</b> | <p>The military hostilities of the Russian Federation in Ukraine may result in further rapid changes in the law to introduce restrictions on economic activity, including the effective exercise of corporate control over the Russian member of the Group, in which a majority interest is held by an entity based in a European country, i.e. Kredyt Inkaso Portfolio Investments (Luxembourg) S.A.</p> <p>The media may publish adverse comments that the Group continues to conduct business in Russia. The longer it takes to phased out that operations, the greater the risk of negative publicity.</p> <p>In accordance with the Act on Prevention of Money Laundering and the Financing of Terrorism, the Group</p>   | <p>The Group monitors local legislative and regulatory changes on an ongoing basis, with particular focus on any restrictions on the economic activity of foreign-owned entities, and assesses their impact on the entity's ongoing operations and the Group.</p>   | <p>Moderate</p> |

| Risk | Description of risks and the Company's and Group's exposure to risks  | Risk management   | Risk level |
|------|---|---|------------|
|      | <p>must apply enhanced financial security measures, if a customer transaction involves high-risk countries. This involves:</p> <p>a) suspension – up to five business days – incoming and outgoing wire transfers,</p> <p>b) requesting:</p> <p>additional information and documents regarding the transaction (e.g. an invoice) and information on the sources of assets and funds of the customer and all their beneficial owners.</p> <p>If such information and documents are not received within the specified time limit, it will not be possible to complete the suspended transaction and eventually the relationship with the customer may be terminated.</p> <p>In addition, at the end of April 2022, the first Polish sanctions list was created, which included more than 50 individuals and business entities. The Polish sanctions list is a supplement to the EU sanctions list and refers to oligarchs and Russian entities conducting real business activity in Poland.</p> | <p>The Group has implemented internal regulations in the area of countering money laundering and terrorist financing. It actively incorporates changes in sanctions lists, including those drawn up by Poland, EU, UN, OFAC, in its day-to-day business decisions and activities.</p> |            |

### 3. THE GROUP'S BUSINESS

#### 3.1. Key economic and financial figures of the Capital Group

Below is a detailed presentation of the current data from the consolidated statement of financial position and consolidated statement of profit or loss and other comprehensive income in relation to the comparative information presented in the full-year consolidated financial statements of the Kredyt Inkaso Group for the 12 months ended 31 March 2022. In PLN thousand.

##### Consolidated statement of financial position of the Group

|                                     | 31 Mar 2022    | 31 Mar 2021    | Change          | Change in % |
|-------------------------------------|----------------|----------------|-----------------|-------------|
| Non-current assets                  | 49,056         | 49,404         | (348)           | -1%         |
| Current assets                      | 684,238        | 715,192        | (30,954)        | -4%         |
| <b>Total assets</b>                 | <b>733,294</b> | <b>764,596</b> | <b>(31,302)</b> | <b>-4%</b>  |
| <i>including:</i>                   |                |                |                 |             |
| <i>Purchased debt</i>               | <i>575,287</i> | <i>628,615</i> | <i>(53,328)</i> | <i>-8%</i>  |
| <i>Cash and cash equivalents</i>    | <i>98,223</i>  | <i>74,041</i>  | <i>24,182</i>   | <i>33%</i>  |
| Equity                              | 300,587        | 263,382        | 37,205          | 14%         |
| Non-current liabilities             | 255,534        | 329,582        | (74,048)        | -22%        |
| Current liabilities                 | 177,173        | 171,632        | 5,541           | 3%          |
| <b>Total equity and liabilities</b> | <b>733,294</b> | <b>764,596</b> | <b>(31,302)</b> | <b>-4%</b>  |

##### Consolidated statement of the Capital Group's profit or loss

|   | 1 Apr 2021-31 Mar 2022 | 1 Apr 2020-31 Mar 2021 | Change          | Change in % |
|---|------------------------|------------------------|-----------------|-------------|
| Interest income on debt portfolios calculated using the effective interest method | 120,178                | 125,622                | (5,444)         | -4%         |
| Revaluation of debt portfolios  | 71,024                 | 68,584                 | 2,440           | 4%          |
| Other revenue / costs   | 6,915                  | 6,095                  | 820             | 13%         |
| <b>Total net revenue</b>  | <b>198,117</b>         | <b>200,301</b>         | <b>(2,184)</b>  | <b>-1%</b>  |
| Employee benefits expense   | (48,106)               | (41,223)               | (6,883)         | 17%         |
| Depreciation and amortisation   | (6,971)                | (6,457)                | (514)           | 8%          |
| Services  | (40,200)               | (37,344)               | (2,856)         | 8%          |
| Other expenses  | (40,352)               | (28,863)               | (11,489)        | 40%         |
| <b>Total operating expenses</b>   | <b>(135,629)</b>       | <b>(113,887)</b>       | <b>(21,742)</b> | <b>19%</b>  |
| <b>Operating profit/(loss)</b>  | <b>62,488</b>          | <b>86,414</b>          | <b>(23,926)</b> | <b>-28%</b> |
| Finance income  | 10,518                 | 2,020                  | 8,498           | 421%        |
| Finance costs   | (33,205)               | (32,788)               | (417)           | 1%          |
| <b>Profit/(loss) before tax</b>   | <b>39,801</b>          | <b>55,646</b>          | <b>(15,845)</b> | <b>-28%</b> |
| Income tax  | (8,313)                | (10,186)               | 1,873           | -18%        |
| <b>Net profit/(loss)</b>  | <b>31,488</b>          | <b>45,460</b>          | <b>(13,972)</b> | <b>-31%</b> |

## 3.2. Key financial performance indicators related to the Group's activities

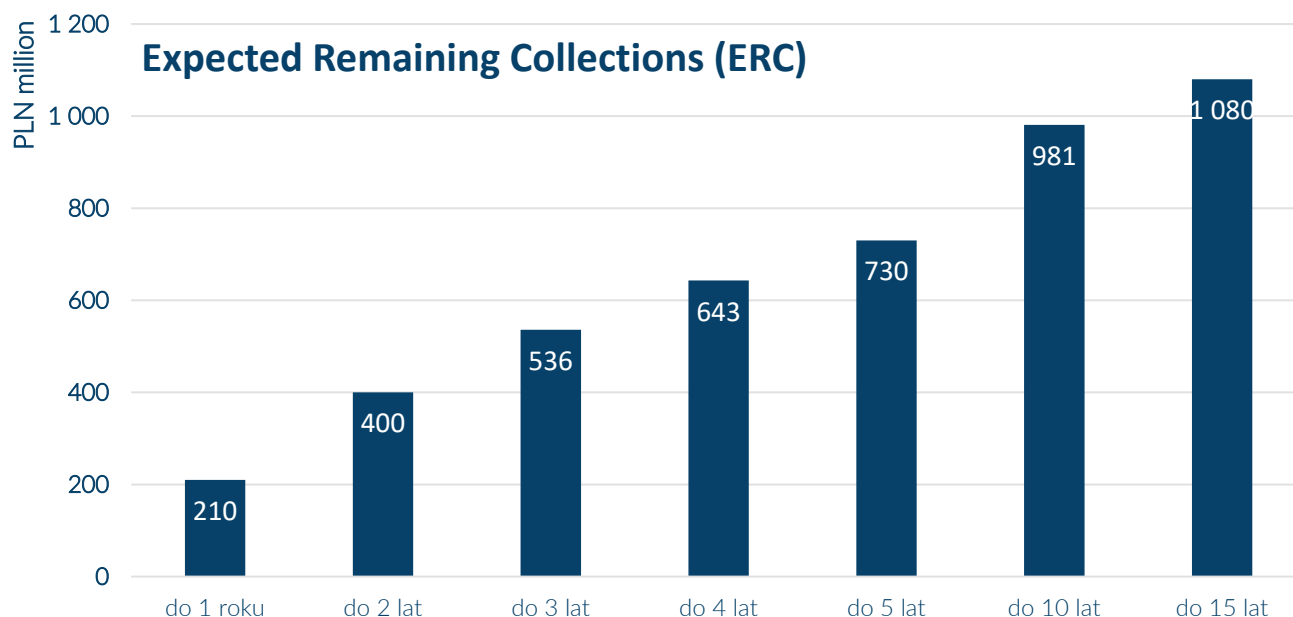
|                             | 1 Apr 2021-31 Mar 2022 | 1 Apr 2020-31 Mar 2021 | Change | Change in % |
|-----------------------------|------------------------|------------------------|--------|-------------|
| Payments from debtors       | 278,990                | 222,618                | 56,372 | 25%         |
| Cash EBITDA                 | 162,146                | 121,283                | 40,863 | 34%         |
| Purchase of debt portfolios | 35,439                 | 13,052                 | 22,387 | 172%        |

*Cash EBITDA = operating profit/(loss) + depreciation/amortisation of property, plant and equipment and intangible assets - interest income from purchased receivables - revaluation of purchased receivables + repayments from purchased receivables. The cash EBITDA was adjusted by a non-recurring event, i.e. recognition of an impairment loss on goodwill assigned to KI RUS.*

In the financial year ended 31 March 2022, the Group recorded an increase in repayments by debtors of PLN 56.4 million (25%) compared to the previous year, which exceeded previous forecasts reflected in the valuation of debt portfolios in the opening balance of the current year by PLN 59.4 million. The increase in cash EBITDA by PLN 40.9 million (34%) was attributable to higher collections by debtors.



### 3.3. Expected future cash flows from held portfolios



The presented forecast of future proceeds from debt portfolios is consistent with the methodology adopted in the balance sheet valuation of the Group's debt portfolios, which is described in item "2.3. Material judgements and estimates" and in item "2.4. Accounting policies" in the Group's full-year consolidated financial statements for the 12 months ended 31 March 2022.

In particular, the following factors were taken into account in the forecast of future proceeds from the debt portfolios held:

- the history of payments made to date in cases with similar characteristics, including collections achieved and actions taken which led to payments (including their cost),
- the balance of receivables,
- the stage of the case, including the potential for legal action
- type of debt,
- debt security held,
- planned actions, i.e. referring the case to court proceedings to obtain a clause or referring the case to enforcement.

### 3.4. Discrepancies between the financial results disclosed in the full-year report and the previously released forecasts

The forecast financial results for the financial year 2021/2022 were not published.

### 3.5. Current and expected financial condition

The financial position of the Group is considered to be stable. Over the next 12 months, it is anticipated that the current financial position will be maintained, the asset and capital structure will remain secure and the ability to settle liabilities will be maintained. In the longer term, the level of the Group's consolidated equity and the availability of debt financing required to increase the level of investment in debt portfolios will have a significant impact on maintaining stable financial results.

No other factors have been identified which, if the current financial policy is maintained, could result in a deterioration of the financial condition.

## 3.6. Events in the reporting period with a significant impact on the Group's operations and financial performance

### 3.6.1. Changes in the Group

In the financial year ended 31 March 2022, the following changes in the structure of the Kredyt Inkaso Group took place:

- on 6 April 2021, the winding-up of the subsidiary Kredyt Inkaso Recovery EOOD in Bulgaria, which did not conduct operational activity, was commenced. The winding-up of Kredyt Inkaso Recovery EOOD in Bulgaria is connected with simplification of the Group's structure.
- on 31 May 2021, the subsidiary Finsano S.A. acquired 100% of the shares of Advisers sp. z o.o., which holds a licence dated 28 October 2010 to manage securitised receivables of securitisation funds and operates in the debt management industry.
- on 21 June 2021, Legal Process Administration Sp. z o.o. changed its name to Kredyt Inkaso IT Solutions Sp. z o.o.
- On 4 October 2021, KI Towarzystwo Funduszy Inwestycyjnych S.A. was established, in which 100% of shares was acquired by the Company.
- On 21 January 2022, shares in KI Towarzystwo Funduszy Inwestycyjnych S.A. were sold to Finsano S.A.
- On 17 February 2022, Advisers Sp. z o.o. changed its name to KI Solver Sp. z o.o.

### 3.6.2. Share issues and transactions in treasury shares

There were no share issues or own share operations in the current financial year.

### 3.6.3. Redemption and issue of bonds

| Date              |  |
|-------------------|--|
| 26 April 2021     | The Group made a partial repayment of the nominal value of Series F1 bonds amounting to PLN 31,500 thousand in line with the schedule of partial amortisation of the nominal value specified in the terms and conditions of the bonds.   |
| 13 June 2021      | The Group made another partial repayment of the nominal value of the following bonds in line with the schedule of partial amortisation of the nominal value specified in the terms and conditions of the bonds: <ul style="list-style-type: none"> <li>▪ PLN 1,610 thousand as partial repayment of Series B1 bonds, and</li> <li>▪ PLN 1,973 thousand as partial repayment of Series G1 bonds.</li> </ul> |
| 13 September 2021 | The Group made another partial repayment of the nominal value of the following bonds in line with the schedule of partial amortisation of the nominal value specified in the terms and conditions of the bonds: <ul style="list-style-type: none"> <li>▪ PLN 1,610 thousand as partial repayment of Series B1 bonds, and</li> <li>▪ PLN 1,973 thousand as partial repayment of Series G1 bonds.</li> </ul> |
| 7 October         | 1,301 Series F1 bearer bonds with a total nominal value of PLN 1,106 thousand were redeemed.   |
| 22 October 2021   | Series H1 bearer bonds with a total nominal value of PLN 4,970 thousand were issued.   |
| 8 December 2021   | 1,300 Series F1 bearer bonds with a total nominal value of PLN 1,105 thousand and 17,636 Series PA01 bearer bonds with a total nominal value of PLN 1,764 thousand were redeemed.  |
| 13 December 2021  | The Group made another partial repayment of the nominal value of the following bonds in line with the schedule of partial amortisation of the nominal value specified in the terms and conditions of the bonds: <ul style="list-style-type: none"> <li>▪ PLN 1,610 thousand as partial repayment of Series B1 bonds, and</li> <li>▪ PLN 1,973 thousand as partial repayment of Series G1 bonds.</li> </ul> |
| 18 December 2021  | The Group made a full repayment of the nominal value of Series PA01 bonds amounting to PLN 12,530 thousand in line with the schedule specified in the terms and conditions of the bonds.   |
| 13 March 2022     | The Group made another partial repayment of the nominal value of the following bonds in line with the schedule of partial amortisation of the nominal value specified in the terms and conditions of the bonds: <ul style="list-style-type: none"> <li>▪ PLN 1,610 thousand as partial repayment of Series B1 bonds, and</li> <li>▪ PLN 1,973 thousand as partial repayment of Series G1 bonds.</li> </ul> |
| 28 March 2022     | The Group made a full repayment of the nominal value of Series PA02 bonds amounting to PLN 30,000 thousand in line with the schedule specified in the terms and conditions of the bonds.<br>Series K1 bearer bonds with a total nominal value of PLN 103,000 thousand and Series J1 bearer bonds with a total nominal value of PLN 55,749 thousand were issued.  |
| 29 March 2022     | The Group repaid the nominal value of the following series of bonds: <ul style="list-style-type: none"> <li>▪ PLN 100,520 thousand – partial early redemption of Series F1 bonds,</li> <li>▪ PLN 1,303 thousand – partial early redemption of Series H1 bonds,</li> <li>▪ PLN 17,712 thousand – full early redemption of Series B1 bonds,</li> </ul>   |

| Date          | ▪ PLN 21,702 thousand – full early redemption of Series G1 bonds.                                      |
|---------------|--|
| 19 April 2022 | Series I1 bearer bonds with a total nominal value of PLN 17,010 thousand were issued.                  |
| 26 April 2022 | The Group made a full early redemption of Series F1 bonds with a nominal value of PLN 75,769 thousand. |

## 3.7. Assessment of factors and events, including those of non-recurring nature, having a significant impact on activity and financial statements, including profits made or losses incurred in the financial year

### 3.7.1. The COVID-19 pandemic

The COVID-19 pandemic caused by a highly infectious SARS-CoV-2 coronavirus, which broke out in December 2019 and then spread to other countries quickly and in a large scale, significantly altered the functioning of economies of countries around the world in a matter of months. Due to the high infection rate of the SARS-CoV-2 coronavirus, on 11 March 2020 the World Health Organisation (WHO) declared a pandemic of COVID-19. For about two years, the pandemic was one of the most significant factors that had to be taken into account in business activities. As the vaccination campaign progressed and the impact of successive strains of the virus gradually decreased, the significance of the COVID-19 threat among the business risks recognised by the Group dropped. While the Company's Management Board notes the permanent change in the work model caused by the pandemic, as at the date of release of this report it did not perceive SARS-CoV-2 itself as a factor that had a material impact on the financial statements.

### 3.7.2. Invasion of Ukraine by Russia

On 24 February 2022, the armed forces of the Russian Federation entered the territory of Ukraine, starting military hostilities in the region. Russia's aggression has triggered a range of sanctions primarily from European countries, the United States, Japan and Australia. The Russian Federation responded with counter-sanctions and a series of internal formal and informal measures. Informal activities mostly include stepped-up propaganda against so-called Western countries and their interests in Russia, as well as the use of administrative tools (primarily various forms of inspection) in a way that impedes normal operations and damages the sense of comfort among personnel members. Formal measures include passing a law that is unfavourable to the operations of foreign-owned companies (e.g. taking over so-called abandoned companies, lack of intellectual property protection, etc.) or that prevents normal operations (e.g. impedes transfer of funds abroad). In the case of KI RUS, the court enforcement channel was blocked for several days and it cannot be ruled out that similar situations may occur in the future.

The impact of the hostilities on the subsidiary KI RUS has been discussed with the assumption that the Group and its subsidiaries will continue as going concerns. From the Group's perspective, operations in the Russian market are not strategically important both in terms of the value of debt portfolios and collections from debtors. Since 2018, the Group has not made any investments there and its current operations are based on aging portfolios. Nonetheless, the subsidiary continues to have the capacity to finance itself.

In the Management Board's opinion, the outlook of developments in Russia is negative. Based on the scenario assuming reduced collections from its portfolios, the Group adjusted the value of debt portfolios subject to the Russian market risk by PLN 7.7 million, which reduced the value of the portfolios to PLN 3.6 million, representing 0.6% of the total value of all portfolios held by the Group. An impairment test of goodwill allocated to KI RUS based on the same scenario resulted in an impairment loss of PLN 4.9 million.

As regards other geographic locations, the Group did not identify any significant change in collections under portfolios that may be attributed to the war. Similarly, the Group's liquidity is stable. In the case of debt financing, an increase in market interest rates is observed, caused by rising inflation, which in turn is indirectly attributable to the actions of the Russian Federation (military activity and activity in commodity markets).

### 3.8. Information on concluded agreements significant for activity of the Capital Group, including agreements known to Kredyt Inkaso S.A., agreements concluded between shareholders, insurance contracts, cooperation or collaboration agreements

On 21 January 2022, shares in KI Towarzystwo Funduszy Inwestycyjnych S.A. were sold to Finsano S.A. The sale price was PLN 614 thousand.

### 3.9. Agreements which may cause future changes in the percentages of shares held by the existing shareholders and bondholders

The Company does not identify any agreements, including those entered into after 31 March 2022, which may cause future changes in the percentages of shares held by the existing shareholders and bondholders.

### 3.10. Management of financial resources and borrowings

The Group's subsidiaries, i.e. Kredyt Inkaso I NSFIZ and Kredyt Inkaso II NSFIZ, concluded agreements with ING Bank Śląski S.A. under which the bank was to provide them with credit lines of up to PLN 140 million.

The credit facilities are uncommitted and the bank does not have any obligations under the credit facility agreements and a request to use the allocated credit limits requires the prior approval of the bank.

### 3.11. Loans granted and sureties and guarantees granted and received, including those granted to related parties.

#### 3.11.1. Security for the credit facility agreement with ING Bank Śląski S.A.

Pursuant to:

- (i) the credit agreement dated 23 November 2017, together with Supplementary Agreement No. 1 dated 21 May 2018, Supplementary Agreement No. 2 dated 14 September 2018 and Supplementary Agreement No. 3 dated 27 November 2019, signed by the subsidiary Kredyt Inkaso II NSFIZ with ING Bank Śląski S.A., and
- (ii) the credit agreement dated 21 May 2018, together with Supplementary Agreement No. 1 dated 15 September 2018 and Supplementary Agreement No. 2 dated 27 November 2019, signed by the subsidiary Kredyt Inkaso I NSFIZ with ING Bank Śląski S.A.,

Kredyt Inkaso I NSFIZ and Kredyt Inkaso II NSFIZ provided security in favour of the Bank by way of conditional transfer of receivables constituting collateral, under a conditional agreement on transfer of receivables under specified commercial contracts, so that the total value of collateral constituted not less than 150% of the amount of the credit limit used by each of those subsidiaries.

The credit facility agreements referred to above were jointly superseded with Supplementary Agreement No. 3 of 31 December 2020 and subsequent Supplementary Agreement No. 4 of 22 March 2022 and No. 5 of 15 April 2022, which specify,

among other things, that Kredyt Inkaso I NSFIZ and Kredyt Inkaso II NSFIZ provided security to the Bank for the granted credit facility by way of a conditional transfer of receivables, under and in accordance with conditional agreements on transfer of receivables under specific commercial contracts, so that the total value of receivables constituting collateral constitutes not less than 150% of the amount of the credit limit used. As at the reporting date, the required collateral for Kredyt Inkaso I NSFIZ was PLN 118,508 thousand and for Kredyt Inkaso II NSFIZ – PLN 73,523 thousand. In addition, on the date of disbursement of the facility tranche on 31 December 2020 Kredyt Inkaso II NSFIZ was obliged to deliver debt portfolios with a total value of no less than PLN 80,000 thousand as part of the collateral.

### 3.11.2. Bond issue security

On 26 April 2019, the Company issued Series F1 bonds with a total nominal value of PLN 210 million. In accordance with the terms and conditions of the bonds, bondholders' claims under the Bonds were secured by standard security interests, including pledges over debt portfolios and investment certificates disclosed in the Company's and its subsidiaries' statement of financial position or over other assets of the Company.

The minimum amount of security over debt portfolios increased consistently until it reached the limit of PLN 200 million, as of 26 April 2021, and subsequently 150% of the outstanding nominal value of the Bonds as of 26 April 2022.

As at the reporting date, the minimum amount of collateral over the Company's assets had reached its maximum value, i.e. PLN 150 million. This was the amount in which a pledge was created over bonds issued by Kredyt Inkaso Portfolio Investments (Luxembourg) S.A. The created collateral will secure the claims of holders of other series of bonds, for which the terms and conditions of the bonds contain a clause on equal treatment of creditors (*pari passu*).

On 26 April 2022, the Company made an early redemption of all Series F1 bonds by paying the nominal value of the bonds together with interest.

In addition, on 28 March 2022 the Company issued Series K1 bonds with a total nominal value of PLN 103 million. In accordance with the terms and conditions of the bonds, the bonds were issued as unsecured and had such status as at the reporting date. In turn, in accordance with the terms and conditions of the bonds bondholders' claims under the bonds are subject to collateral established after the issue through standard security interests, including registered pledges under the Polish law or foreign law over debt portfolios and investment certificates disclosed in the Company's and its subsidiaries' statement of financial position or over other assets of the Company. The total value of security after 26 April 2022 should not be less than 150% of the current nominal value of the bonds.

| Type of securing asset | 31 Mar 2022 | 31 Mar 2021 |
|------------------------|-------------|-------------|
| Debt portfolios        | 205,722     | 224,428     |

Additionally, Kredyt Inkaso S.A. established a pledge on bonds issued by Kredyt Inkaso Portfolio Investments (Luxembourg) S.A. with the nominal value of PLN 150 M.

## 3.12. Possibility of fulfilling investment intentions

The Group's current financial position, including its relatively low debt-to-equity ratio, provides a solid foundation for further rapid growth of the Group through consistent increase of the value of debt portfolios under management. In effect, the Group positively assesses its capacity to complete its investment plans in subsequent accounting periods.

## 3.13. Agreement with the qualified auditor of financial statements

The entity authorised to audit the Consolidated Financial Statements of the Kredyt Inkaso Group and the Separate Financial Statements of Kredyt Inkaso S.A. for the period from 1 April 2020 to 31 March 2021 and from 1 April 2021 to 31 March 2022 is Grant Thornton Polska spółka z ograniczoną odpowiedzialnością Spółka komandytowa, with its registered office in Poznań.

On 22 October 2020, the Company entered into an agreement with Grant Thornton Polska spółka z ograniczoną odpowiedzialnością Sp. k. to audit the separate and consolidated financial statements for the financial year ended on 31 March 2021 and the financial year ended on 31 March 2022.

The amount of the auditor's fees for the review of the half-year and the audit of the full-year separate and consolidated financial statements for the financial year ended 31 March 2022 and the previous year:

| Fees due for the financial year ended on:                 | 31 Mar 2022 | 31 Mar 2021<br>restated |
|---|-------------|-------------------------|
| Review of the half-year consolidated financial statements | 93          | 89                      |
| Audit of the full-year consolidated financial statements  | 201         | 144                     |
| <b>Consolidated financial statements</b>                  | <b>294</b>  | <b>233</b>              |
| Review of the half-year separate financial statements     | 34          | 34                      |
| Audit of the full-year separate financial statements      | 71          | 71                      |
| <b>Separate financial statements</b>                      | <b>105</b>  | <b>105</b>              |
| <b>Additional services</b>                                | <b>52</b>   | <b>11</b>               |
| <b>Total</b>  | <b>451</b>  | <b>349</b>              |

The Group is not obliged to pay any other remuneration to the entity performing the audit of the separate and consolidated financial statements and review of the interim separate and consolidated financial statements of the Parent and to the entities performing the audit of the financial statements and review of the interim financial statements of the subsidiaries for the financial year ended 31 March 2022.

The Company's Management Board declares that the selection of the auditing firm carrying out the audit of the annual financial statement was made by the Supervisory Board in compliance with the provisions of law, including those concerning the selection and the procedure for the selection of the auditing firm. The auditing firm and the members of the audit team fulfilled the conditions for the preparation of an impartial and independent audit report on the full-year financial statements in accordance with the applicable regulations, professional standards and rules governing professional ethics. The Management Board further declares that the applicable regulations relating to the rotation of the auditing firm and the key statutory auditor and the mandatory grace periods are complied with and that the Company has a policy on the selection of the auditing firm and a policy on the provision of additional non-audit services to the Company by the auditing firm, an affiliate of the auditing firm or a member of its network, including services conditionally exempted from the prohibition on provision by the auditing firm. The selection of the auditing firm carrying out the audit of the annual financial statements was made in accordance with the policy of Kredyt Inkaso S.A. regarding the selection of the auditing firm. In the current financial year, no non-audit services were provided to Kredyt Inkaso S.A. by the audit firm, an affiliate of the audit firm or a member of its network.

## 3.14. Predicted development of the Group

### 3.14.1. Strategic assumptions of the Group in the coming years

The main objective of the Group's activities in the coming years is to return to making significant investments in debt portfolios, mainly on the Polish, Romanian and Bulgarian markets, and to improve net profitability.

The Group intends to maintain the operating margin on its business by increasing the profitability of portfolio liquidations as a result of the full implementation of advanced statistical decision-making models successively developed in recent years and their further improvements.

An equally important area is the development of information technology and technological innovation. The Group launched a new operating system on the Polish market and plans to implement it on selected foreign markets. An online customer service interface was launched, first on the Polish market, with plans to make it available also in foreign markets.

The Group places significant emphasis on increasing the quality of management, and in particular on the efficiency of operational processes and the further implementation of lean methodology.



### 3.14.2. External factors significant for the development of the Group

External factors driving the Group's growth are:

- Development of a policy of disposal of receivables by universal service providers and the banking sector,
- Lack of legal or organisational action on the part of the administration and the legislature to introduce either formal or de facto restrictions on the sale or recovery of claims by creditors other than the original creditors,
- Macroeconomic situation that makes it economically rational to continue to raise funds to develop the business, either as debt or equity,
- Absence of high inflation continuing in the medium/long term,
- Unemployment rate,
- Maintenance of the status quo in terms of the existing tax burden.

### 3.14.3. Internal factors significant for the development of the Group

Of the internal factors for the development of the Group, the most important ones are:

- Maintenance of case-handling capacity - efficiency and security of functioning of telecommunication and information systems,
- Financial condition of the Group that makes it possible to continue to raise funds to develop the business, either as debt or equity,
- Development of competences of human resources to ensure efficient operation of Kredyt Inkaso S.A. as a decision-making centre,
- Retention of key employees in the Group,
- Development of middle management.

## 3.15. Financial risk management goals and methods adopted by the Group

The Kredyt Inkaso Group monitors and manages financial risk on an ongoing basis to eliminate the risk of occurrence of events that may have a negative impact on the organisation's operations. The Group manages the following risks:

- credit risk
- liquidity risk
- market risk: interest rate, currency, price changes.

Financial risk management goals and methods adopted by the Group, including methods of securing significant types of planned transactions for which hedge accounting is applied, have been described in detail in the note on financial risk management in the full-year consolidated financial statements of the Kredyt Inkaso Group.

## 3.16. Significant proceedings pending before a court, an arbitration body or an administrative authority.

### 3.16.1. Court and enforcement proceedings

The Group's business model involves purchasing debt portfolios resulting from the sale of universal services (usually from several thousand to even tens of thousands of claims in a portfolio) and pursuing their payment through legal process. As part of the Group's business it has a large number of court cases and enforcement proceedings conducted by bailiffs. However, due to the relatively small amounts of the debts, there is no risk of concentration (of one or more bad debts, i.e. with characteristics significantly worse than those calculated).

As at the Authorisation Date, there were pending proceedings instigated by the Parent against joint and several defendants: Best S.A. with its registered office in Gdynia and Mr Krzysztof Borusowski ("Defendants", "Statement of Claim"). In the Statement of Claim the Company demands:

- that PLN 60,734,500 with statutory default interest, calculated from the date of filing the claim until the date of payment, be paid by the joint and several Defendants to the Company,
- that the litigation costs, according to the prescribed norms, be awarded from the joint and several Defendants to the Company, unless a bill of costs is filed at the last hearing.

The amount claimed results from the Company's claim against the Respondents for redress of damage inflicted on the Company due to dissemination by the Respondents of untrue and defamatory information: concerning the Company's Management Board, alleged irregularities at the Company, alleged falsification of financial statements and lack of authorisation of the Company's Management Board to act on its behalf, which in the Company's opinion was the direct cause of termination by Lumen Profit 14 Niestandaryzowany Sekurytyzacyjny Fundusz Inwestycyjny Zamknięty ("Lumen Profit 14 NS FIZ"), Lumen Profit 15 Niestandaryzowany Sekurytyzacyjny Fundusz Inwestycyjny Zamknięty ("Lumen Profit 15 NS FIZ"), Lumen Profit 16 Niestandaryzowany Sekurytyzacyjny Fundusz Inwestycyjny Zamknięty ("Lumen Profit 16 NS FIZ"), AGIO Wierzytelności Plus Niestandaryzowany Sekurytyzacyjny Fundusz Inwestycyjny Zamknięty ("AWP NS FIZ") and AGIO Wierzytelności Plus 2 Niestandaryzowany Sekurytyzacyjny Fundusz Inwestycyjny Zamknięty ("AWP 2 NS FIZ") of agreements on debt portfolio management and agreements on the provision of legal services executed with the Company.

The amount of the claim is the sum of the actual losses incurred by the Company and the estimated lost profit in future years, as reported by the Company in Current Report No. 57/2016 of 10 August 2016, and additionally the estimated lost profit resulting from, inter alia, termination of the management agreements by Lumen Profit 14 NS FIZ, Lumen Profit 15 NS FIZ, and Lumen Profit 16 NS FIZ.

The Company communicated the reasons for and the impact of the termination of the aforementioned agreements on the Company's financial position, including in particular the loss of further systematic income as well as the possibility of the Company going to court to seek damages, in the Consolidated Quarterly Report for Q1 of the 2016/2017 financial year published on 12 August 2016.

In addition, there are pending court proceedings involving: Best S.A., Krzysztof Borusowski (President of the Management Board of Best S.A.), Karol Szymański (member of the Supervisory Board), the Management Board of the Company, and the Company itself. The above proceedings result from the following, among other things:

- action of Best S.A. for revoking the resolutions of the Annual General Meeting against which it filed an objection, i.e.: (i) Resolution No. 12/2016 to approve the Management Board's report on the operations of Kredyt Inkaso S.A. and separate financial statements of Kredyt Inkaso S.A. for the financial year beginning on 1 April 2015 and ending on 31 March 2016, (ii) Resolution No. 13/2016 to approve the Management Board's report on the operations of the Group and consolidated financial statements of the Group for the financial year beginning on 1 April 2015 and ending on 31 March 2016, (iii) Resolution No. 15/2016 to grant discharge to a member of the Management Board for the financial year beginning on 1 April 2015 and ending on 31 March 2016, (iv) Resolution No. 16/2016 to grant discharge to a member of the Management Board for the financial year beginning on 1 April 2015 and ending on 31 March 2016, (v) Resolution No. 17/2016 to grant discharge to a member of the Supervisory Board for the financial year beginning on 1 April 2015 and ending on 31 March 2016, (vi) Resolution No. 18/2016 to grant discharge to a member of the Supervisory Board for the financial year beginning on 1 April 2015 and ending on 31 March 2016, (vii) Resolution No. 19/2016 to grant discharge to a member of the Supervisory Board for the financial year beginning on 1 April 2015 and ending on 31 March 2016, (viii) Resolution No. 20/2016 to grant discharge to a member of the Supervisory Board for the financial year beginning on 1 April 2015 and ending on 31 March 2016, (ix) Resolution No. 21/2016 to grant discharge to a member of the Supervisory Board for the financial year beginning on 1 April 2015 and ending on 31 March 2016, (x) Resolution No. 22/2016 to grant discharge to a member of the Supervisory Board for the financial year beginning on 1 April 2015 and ending on 31 March 2016 (Current Report No. 93/2016), (xi) Resolution No. 7/2017 to grant discharge to a member of the Management Board, (xii) Resolution No. 8/2017 to grant discharge to a member of the Management Board, (xiii) Resolution No. 9/2017 to grant discharge to a member of the Management Board, (xiv) Resolution No. 14/2017 to grant discharge to a member of the Supervisory Board for the financial year beginning on 1 April 2016 and ending on 31 March 2017, (xv) Resolution No. 15/2017 to grant discharge to a member of the Supervisory Board for the financial year beginning on 1 April 2016 and ending on 31 March 2017 (Current Report No. 65/2017); On 14 May 2021, the Regional Court in Warsaw, 20th Commercial Department, issued a decision to discontinue the proceedings with respect to Resolutions No. 15/2016 and 7/2017 due to the irrelevance of further proceedings with respect to these resolutions, given that the Company's Annual General Meeting adopted Resolution No. 17/2020 of 27 November 2020 to amend the resolutions on granting discharge to the former Management Board Member referred to above, under which the discharge granted to him for the periods indicated above were revoked;
- action by a member of the Company's Supervisory Board – Mr Karol Szymański, for revocation of the resolution of the Annual General Meeting of the Company of 27 September 2017, i.e. Resolution No. 10/2017 to grant discharge to a member of the Supervisory Board for the financial year beginning on 1 April 2016 and ending on 31 March 2017 (Current Report No. 9/2018); On 14 October 2021, the Regional Court dismissed the Supervisory Board member's action, but the ruling was not final (Current Report No. 50/2021);
- action of Best S.A. for revoking the resolutions of the Annual General Meeting against which it filed an objection, i.e.: (i) Resolution No. 4/2018 to approve the separate financial statements of Kredyt Inkaso S.A. for the financial year

beginning on 1 April 2017 and ending on 31 March 2018, (ii) Resolution No. 5/2018 to approve the consolidated financial statements of the Group for the financial year beginning on 1 April 2017 and ending on 31 March 2018, (iii) Resolution No. 6/2018 to approve the Management Board's report on the operations of the Company and the Group for the financial year beginning on 1 April 2017 and ending on 31 March 2018 (Current Report No. 56/2018);

- action by Best S.A. of 9 January 2019 for the payment of PLN 51,847,764 jointly and severally by the Company, Paweł Szewczyk, Jan Paweł Lisicki and Grant Thornton Frąckowiak spółka z ograniczoną odpowiedzialnością sp. k., whereby in relation to Grant Thornton Frąckowiak spółka z ograniczoną odpowiedzialnością sp. k. the claimant limits the demand to PLN 2,260,000 and the litigation costs, including the costs of legal representation according to the prescribed norms. This action arises from the alleged damage caused to BEST S.A. by the defendants as a result of the purchase of shares in the Company at an inflated price determined on the basis of the Company's financial statements for the 2014/2015 financial year, which were corrected in subsequent fiscal years. Kredyt Inkaso S.A. recognises the claim of BEST S.A. as unfounded, as informed in Current Report No. 8/2019;
- action by Best S.A. of 28 June 2019 for the establishment of invalidity or revocation of Resolution No. 4/2019 of the Extraordinary General Meeting of Kredyt Inkaso S.A. of 30 May 2019 to approve transactions encumbering the Company's assets or the assets of other entities of the Company's Group in connection with the issue of Series F1 bonds by the Company. The Company deems the request stipulated in the statement of claim as unfounded and intends to defend against it in court proceedings (Current Report No. 34/2019);
- action by the Company against Paweł Szewczyk, Ion Melnic and KI Servcollect SRL seeking the award jointly and severally against the Defendants of PLN 21,320,000.00 as redress for indirect damage suffered by the Company in connection with the actions of the Defendants, together with statutory default interest from 26 May 2020 until the date of payment, PLN 30,000.00 as reimbursement of costs incurred by the Company for the preparation of a private opinion of an expert business appraiser, together with statutory default interest from the date of delivery of a copy of the statement of claim to the last of the Defendants until the date of payment, and PLN 44,000.00 as reimbursement of costs of preparing sworn translations of the statement of claim and part of appendices thereto, together with statutory default interest from the date of delivery of a copy of the statement of claim to the last of the Defendants until the date of payment. Along with the action, the Company filed a request to grant injunctive relief (Current Report No. 13/2020). The Company's injunction request was dismissed by the Court and in connection with the rejection of the complaint submitted by the Company's proxy by the Court of second instance, the decision should be deemed as final.
- action by John Harvey van Kannel against the Company to (i) establish the existence of a resolution on removal of Maciej Jerzy Szymański from the Management Board of the Company, and (ii) declare the invalidity of Resolution No. 38/2020 of the Annual General Meeting of the Company of 27 November 2020 on the appointment of Daniel Dąbrowski as member of the Supervisory Board of the Company for a new term of office. The injunction request in this case was dismissed in its entirety with a final decision, which was communicated by the Company in its Current Report No. 11/2021 of 29 April 2021. The Company deems the requests stipulated in the statement of claim as completely unfounded and intends to defend against them by actively participating in court proceedings (Current Report No. 26/2021);
- action by John Harvey van Kannel against the Company to declare the invalidity of Resolution No. 12/2021 of the Extraordinary General Meeting of the Company of 24 May 2021 on the appointment of Daniel Dąbrowski as member of the Supervisory Board of the Company, which was communicated by the Company in its Current Report No. 31/2021 or 23 August 2021. The Company deems the request stipulated in the statement of claim as completely unfounded and intends to defend against it by actively participating in court proceedings;
- action by two members of the Supervisory Board to revoke the resolution of the group of shareholders entitled to appoint members of the Supervisory Board by block voting No. 13/2021 of the Company's Extraordinary General Meeting of 24 May 2021 on the appointment of Karol Szymanski as Member of the Company's Supervisory Board for a new term of office and his delegation to individually perform supervisory duties on a permanent basis. The Company intends to actively participate in court proceedings (Current Report No. 53/2021).

### 3.16.2. Tax proceedings

On 30 September 2013, Kredyt Inkaso S.A. concluded a Sub-Participation Agreement with Kredyt Inkaso Portfolio Investments (Luxembourg) S.A. (hereinafter: "Agreement" and "Sub-Participant", respectively). The tax consequences of entering into the Agreement covered the tax years from 1 April 2013 to 31 March 2014, from 1 April 2014 to 31 March 2015 and from 1 April 2015 to 31 March 2016. The subject matter of the Agreement was the acquisition by the Sub-Participant of the exclusive right to cash flows from the receivables understood as proceeds from repayments of debt and charges for costs and expenses. Pursuant to the Agreement, Kredyt Inkaso S.A. transferred to the Sub-Participant the exclusive right to cash flows from receivables comprising the debt portfolio specified in the appendix to the Agreement (hereinafter: "Debt Portfolio"). In return for the transfer of the right to cash flows from the receivables, the Sub-Participant undertook to pay a price to Kredyt Inkaso S.A. The price was settled by the Sub-Participant on 13 June 2014.

On 12 April 2016, Kredyt Inkaso S.A. applied for a tax ruling in that matter. In the tax ruling of the Director of the Tax Chamber in Warsaw of 21 July 2016, ref. IPPB3/4510-418/16-3/JBB ("Tax Ruling") issued in response to the request submitted by Kredyt

Inkaso S.A., it was indicated that: - "Thus, Kredyt Inkaso S.A. should recognise tax income on account of the price on a cash basis, i.e. on the date of receipt of the payment – in the case in question, on the date of payment of the Price by deducting it from Kredyt Inkaso S.A.'s liability on account of the acquisition price for bonds issued by the Sub-Participant. (...) On the other hand, by transferring to the Sub-Participant, in accordance with the provisions of the sub-participation agreement, amounts constituting proceeds from debt portfolios, Kredyt Inkaso S.A. will be entitled to treat the transferred amounts as tax deductible expenses and recognise them in the tax account as they are incurred", - "the position of Kredyt Inkaso S.A. assuming no income recognised on account of debt repayment (previously purchased from the original debtor) (...) is incorrect. One cannot agree with Kredyt Inkaso S.A.'s claim that exclusion of the receivables in question from the balance sheet may determine tax qualification of a given capital gain", - "The discussed expenses, i.e. the purchase price and Direct Collection Expenses which were incurred by the Company until the conclusion of the sub-participation agreement are directly related to debt (their purchase and collection) being the subject of the sub-participation agreement and not to the event of transferring the rights to cash flows from receivables to the Sub-Participant. (...) Thus, these expenses will be deductible expenses of a direct nature when the debtors make repayments of those debts or when those debts are sold."

After delivery of the tax ruling, Kredyt Inkaso S.A. decided to comply with it, which resulted in the need to file corrections of CIT-8 tax returns for the tax years: from 1 April 2013 to 31 March 2014, from 1 April 2014 to 31 March 2015 and from 1 April 2015 to 31 March 2016, and payment of the corporate income tax together with interest. At the same time, in its letter of 17 October 2016 the Company filed a complaint against the tax ruling to the Provincial Administrative Court in Warsaw ("Provincial Administrative Court"). In its decision of 22 November 2017 the Provincial Administrative Court revoked the ruling (ref. III SA/Wa 3503/16, "Provincial Administrative Court's Decision"). The tax authority filed a cassation appeal within the specified time limit and the case was referred to the Supreme Administrative Court. By its decision of 8 October 2020 (ref. II FSK 1615/18) the Supreme Administrative Court dismissed the Provincial Administrative Court's Decision and remanded the case back to the Provincial Administrative Court. In its decision of 27 April 2021 the Provincial Administrative Court revoked the ruling (ref. III SA/Wa 597/21, "Provincial Administrative Court's Second Decision"). On 22 June 2021, Kredyt Inkaso S.A. received written reasons for the Provincial Administrative Court's Second Decision. Its substance confirms the correctness of the Company's position presented in its request for a Tax Ruling. Notwithstanding the above, the Company maintains the claim that procedural rules were breached in the course of issuing the Tax Ruling, as described in detail in the complaint dated 17 October 2016. Accordingly, on 22 July 2021 the Company filed a cassation appeal with the Supreme Administrative Court against the Provincial Administrative Court's Second Decision. In addition, on 11 August 2021, the Company received a copy of the tax authority's cassation appeal to the Supreme Administrative Court against the Provincial Administrative Court's Second Decision. By its decision of 10 December 2021 (ref. II FSK 1143/21) the Supreme Administrative Court dismissed the Provincial Administrative Court's Second Decision on procedural grounds and remanded the case back to the Provincial Administrative Court. In its decision of 27 April 2022 the Provincial Administrative Court dismissed the appeal filed by Kredyt Inkaso S.A. (ref. III SA/Wa 485/22, "Provincial Administrative Court's Third Decision"). On 9 June 2022, Kredyt Inkaso S.A. received written grounds to the Provincial Administrative Court's Third Decision. Its substance confirms that the tax authority, when issuing the Tax Ruling, violated the principle of issuing a tax ruling only on the basis and within the limits of the relevant request. However, in the opinion of the Provincial Administrative Court, the violation did not affect the outcome of the case. Referring to the core dispute in the case (i.e. the date of recognition of tax income on the price of the sub-participation agreement in question), the Provincial Administrative Court highlighted that the Supreme Administrative Court, by setting aside the Provincial Administrative Court's Second Decision, did not make any final resolution on the matter, leaving it to the judgement of the Provincial Administrative Court. In dismissing the complaint, the Provincial Administrative Court also indicated that it did not share the position of the Supreme Administrative Court in a similar case (ref. II FSK 3299/17), which essentially confirmed the position of Kredyt Inkaso S.A. Therefore, in the opinion of the Provincial Administrative Court this ruling by the Supreme Administrative Court did not apply in the case in question. Having analysed the Provincial Administrative Court's Third Decision, Kredyt Inkaso S.A. intends to file a cassation appeal to the Supreme Administrative Court within the statutory time limit.

## 3.17. Inspections

In the reporting period, there were no significant audits or inspections, including those concerning the audit completed by the Polish Financial Supervision Authority on 30 September 2019 with regard to management of securitised debt.

## 4. CORPORATE GOVERNANCE STATEMENT

### 4.1. Indication of the set of corporate governance principles.

The Company is subject to the principles of corporate governance contained in the document "Best Practice For GPW Listed Companies 2021" which is an appendix to GPW Management Board's Resolution No. 13/1834/2021 of 29 March 2021, which entered into force on 1 July 2021. The list of principles is available on the website of the Warsaw Stock Exchange at [https://www.gpw.pl/pub/GPW/files/PDF/dobre\\_praktyki/DPSN21\\_BROSZURA.pdf](https://www.gpw.pl/pub/GPW/files/PDF/dobre_praktyki/DPSN21_BROSZURA.pdf).

The website <https://www.gpw.pl/dobre-praktyki2021> is the official website of the Warsaw Stock Exchange dedicated to corporate governance issues of companies listed on the WSE Main Market and on NewConnect.

The Company does not apply principles of good corporate governance practices other than those indicated above, including those that go beyond the requirements under national law.

### 4.2. Declaration of use of the set of corporate governance principles

The Company does not apply the corporate governance rules listed below specified in "Best practice for GPW listed companies 2021".

#### Disclosure policy and investor communications

**1.3.** Companies integrate ESG factors in their business strategy, including in particular:

1.3.1. environmental factors, including measures and risks relating to climate change and sustainable development;

*Justification:* The Company does not include the factors referred to in item 1.3.1 in its business strategy. Given the industry in which the Company operates, its impact on climate change and sustainable development is negligible.

1.3.2. social and employee factors, including among others actions taken and planned to ensure equal treatment of women and men, decent working conditions, respect for employees' rights, dialogue with local communities, customer relations.

*Justification:* The Company does not include the factors referred to in item 1.3.2 in its business strategy.

**1.4.** To ensure quality communications with stakeholders, as a part of the business strategy, companies publish on their website information concerning the framework of the strategy, measurable goals, including in particular long-term goals, planned activities and their status, defined by measures, both financial and non-financial. ESG information concerning the strategy should among others:

*Justification:* The Company has an internal document that constitutes its strategy. The Company does not publish any forecasts and information on strategy performance.

1.4.1. explain how the decision-making processes of the company and its group members integrate climate change, including the resulting risks;

*Justification:* The company has an internal document which constitutes its operating strategy. The company does not communicate forecasts and the state of implementation of the strategy in terms of figures. ESG issues are part of the quarterly reports. However, the company will verify by the end of the calendar year whether changes should be made in the content of the quarterly reports that will enable the content of the issues referred to in point 1.4.1..

1.4.2. present the equal pay index for employees, defined as the percentage difference between the average monthly pay (including bonuses, awards and other benefits) of women and men in the last year, and present information about actions taken to eliminate any pay gaps, including a presentation of related risks and the time horizon of the equality target.

*Justification:* The Company does not comply with the rule. The Company has an internal document that constitutes its strategy. The Company does not publish any forecasts and information on strategy performance. ESG information is issued as an element of quarterly reports. However, the Company will verify whether changes should be made in quarterly reports so that they fully cover the issues referred to in item 1.4.2.



## 4.3. Management Board, Supervisory Board

**2.1.** Companies should have in place a diversity policy applicable to the management board and the supervisory board, approved by the supervisory board and the general meeting, respectively. The diversity policy defines diversity goals and criteria, among others including gender, education, expertise, age, professional experience, and specifies the target dates and the monitoring systems for such goals. With regard to gender diversity of corporate bodies, the participation of the minority group in each body should be at least 30%.

***Justification:** The Company does not have in place any internal regulation on diversity applicable to the management board and the supervisory board. The composition of the management board is diverse in terms of gender (gender parity is 50% women and 50% men). The internal regulation on diversity applicable to the management board and the supervisory board will be developed at a later date.*

**2.2.** Decisions to elect members of the management board or the supervisory board of companies should ensure that the composition of those bodies is diverse by appointing persons ensuring diversity, among others in order to achieve the target minimum participation of the minority group of at least 30% according to the goals of the established diversity policy referred to in principle 2.1.

***Justification:** The Company does not have in place any internal regulation on diversity applicable to the management board and the supervisory board. The composition of the management board is diverse in terms of gender (gender parity is 50% women and 50% men). The internal regulation on diversity applicable to the management board and the supervisory board will be developed at a later date.*

## 4.4. General meeting, shareholder relations

**4.1.** Companies should enable their shareholders to participate in a general meeting by means of electronic communication (e-meeting) if justified by the expectations of shareholders notified to the company, provided that the company is in a position to provide the technical infrastructure necessary for such general meeting to proceed.

***Justification:** The Company does not apply this rule due to the shareholding structure, in which currently over 94% of shares are held by 2 (two) shareholders..*

**4.3.** Companies provide a public real-life broadcast of the general meeting.

***Justification:** The Company does not apply this rule due to the shareholding structure, in which currently over 94% of shares are held by 2 (two) shareholders.*

## 4.5. Remuneration

**6.2.** Incentive schemes should be constructed in a way necessary among others to tie the level of remuneration of members of the company's management board and key managers to the actual long-term standing of the company measured by its financial and non-financial results as well as long-term shareholder value creation, sustainable development and the company's stability.

***Justification:** The level of remuneration for members of the Management Board does not depend on the real, long-term financial condition of the Company and the long-term increase in value for shareholders and the stability of the operation of the enterprise. This is due to the fact that the shareholders of the company did not reach an agreement in this respect. With regard to key managers and employees, the principle is applied.*

**6.3.** If companies' incentive schemes include a stock option programme for managers, the implementation of the stock option programme should depend on the beneficiaries' achievement, over a period of at least three years, of pre-defined, realistic financial and non-financial targets and sustainable development goals adequate to the company, and the share price or option exercise price for the beneficiaries cannot differ from the value of the shares at the time when such programme was approved.

***Justification:** There is no incentive program in the Company..*



## 4.6. Key features of internal control and risk management systems in relation to the financial reporting process

The process of preparing the financial statements involves the Company's employees with competence, knowledge and skills in this area.

In addition, the Company has an Audit Committee. The rules of operation of the Audit Committee are set out in the item on "Description of the Audit Committee's activities" of this report.

## 4.7. Indication of shareholders holding directly or indirectly significant blocks of shares in Kredyt Inkaso S.A., the number of shares held by these entities, their percentage share in the share capital, the number of votes arising therefrom and their percentage share in the total number of votes at the general meeting.

Shareholders holding shares and the corresponding number of votes at the Company's General Meeting as at the Authorisation Date.

|                            | Number of shares  | % of ownership interest | Number of voting rights | % of total vote held |
|----------------------------|-------------------|-------------------------|-------------------------|----------------------|
| WPEF VI Holding 5 B.V. (*) | 7,929,983         | 61.48%                  | 7,929,983               | 61.48%               |
| BEST S.A.                  | 4,267,228         | 33.09%                  | 4,267,228               | 33.09%               |
| BEST Capital FIZAN         | 7,000             | 0.05%                   | 7,000                   | 0.05%                |
| Other shareholders         | 693,153           | 5.38%                   | 693,153                 | 5.38%                |
| <b>Total</b>               | <b>12,897,364</b> | <b>100.00%</b>          | <b>12,897,364</b>       | <b>100.00%</b>       |

## 4.8. Members of the management or supervisory bodies holding Company shares or rights to Company shares

| Shareholder              | number of shares | par value of all shares (in PLN) | % of votes at GM | number of shares | par value of all shares (in PLN) | % of votes at GM |
|--------------------------|------------------|----------------------------------|------------------|------------------|----------------------------------|------------------|
| <b>Management Board</b>  | -                | -                                | -                | -                | -                                | -                |
| <b>Supervisory Board</b> |                  |                                  |                  |                  |                                  |                  |
| Karol Szymański          | 1                | 1                                | 0%               | 1                | 1                                | 0%               |

Since the date of issue of the previous interim report, there have been no changes in holdings of shares by the Company's management and supervisory personnel.

## 4.9. Indication of the holders of any securities conferring special control powers, together with a description of such powers.

According to the Company's knowledge, no securities conferring special control rights over the Company have been created up to the Authorisation Date.

## 4.10. Indication of any restrictions on the exercise of voting rights.

According to the Company's knowledge, no restrictions on the exercise of voting rights attached to shares have been established up to the Authorisation Date.

## 4.11. Limitations on transfer of ownership of shares in Kredyt Inkaso S.A.

### 4.11.1. Contractual restrictions on trading in the Company's shares and on the issue of new shares in the Company

There are no contractual restrictions on trading in the Company's shares and on the issue of new shares in the Company.

### 4.11.2. Lock-up agreements and the parties involved. Content and exceptions of the agreement. Indication of the period of the lock up

No lock-up agreements have been signed by existing shareholders.

### 4.11.3. Rules governing appointment and removal of the management staff; powers of the management staff, in particular the power to decide to issue or buy back shares.

According to the Articles of Association, the Management Board of the Company consists of 1 to 4 members who are appointed and dismissed by the Supervisory Board (the first Management Board was appointed in the resolution on transformation of the Company). The term of office of the Management Board lasts three years and is a joint term of office. Members of the Management Board may be dismissed at any time before the end of their term of office.

Powers of Management Board members are described in the section on the composition and changes in the composition of the Company's management, supervisory or administrative bodies and their committees during the last financial year.

## 4.12. Rules of amendment of the Company's Articles of Association

Pursuant to Art. 7.7.8 of the Statute of Kredyt Inkaso S.A., amendment of the Articles of Association is within the competence of the General Meeting. Such an amendment, pursuant to Art. 7.9.1.a., is adopted by a majority of three-quarters of votes cast and requires entry in the register.

## 4.13. Manner of operation of the General Meeting and its key powers; shareholders' rights and the manner of exercising those rights, in particular the principles stipulated in the rules of procedure of the General Meeting

### 4.13.1. Manner of operation of the General Meeting and its key powers

The General Meeting may be ordinary or extraordinary. The Annual General Meeting is held no later than 6 (six) months after the end of the Company's financial year. An Extraordinary General Meeting is convened by the Management Board on its own initiative, at the request of the Supervisory Board or at the request of a shareholder or shareholders representing not less than one twentieth of the Company's share capital, within two weeks of such request. The request for a Meeting should specify the items to be discussed; the request does not need to be motivated. The Supervisory Board has the right to convene an Ordinary General Meeting if the Management Board fails to convene it in time, and an Extraordinary General Meeting whenever it considers it appropriate to do so. Shareholders representing at least half of the share capital or at least half of all the votes in the company may convene an Extraordinary General Meeting. Shareholders may attend the General Meeting and exercise their voting rights in person or through their proxies. The power of attorney to attend the General Meeting must be granted in writing or in electronic form by fax. Unless otherwise provided by the Commercial Companies Code and the Articles of Association, resolutions of the General Meeting are passed by a majority of more than 60% (sixty percent) of the votes cast, with the votes cast being deemed to be "for", "against" and "abstaining". Voting at the General Meeting is open. A secret vote is ordered on elections and on motions to remove members of the Company's authorities or liquidators or to hold them liable, as well as on personal matters.

The competence of the General Meeting includes in particular the following matters:

- considering and approving the financial statements for the most recent financial year of the Company, the report on the activities of the Company; and the consolidated financial statements of the Capital Group and the report on the activities of the Capital Group for the previous financial year,
- discharging members of the Supervisory Board and members of the Management Board of the Company from their duties,
- deciding on the distribution of profits and the covering of losses, as well as on the manner of using funds generated from profits, subject to specific provisions regulating otherwise the manner of using such funds,
- appointing members of the Supervisory Board and determining the principles for remunerating Supervisory Board members,
- increasing and decreasing the share capital, unless otherwise provided for in the Commercial Companies Code and the Articles of Association,
- any decisions concerning claims for the remedying of damage caused in incorporating the Company and in exercising supervision or management,
- giving consent to the sale and lease of the company's undertaking or its organised part and to the establishment of limited property rights thereon,
- amending the Articles of Association,
- creating and liquidating reserve capitals and other capitals and funds of the Company,
- deciding on the redemption of shares and on the purchase of shares with a view to their redemption and determining the conditions for their redemption,
- issuing convertible bonds or bonds with priority rights,
- dissolving, liquidating and transforming the Company and merging it with another company,
- adopting the Regulations of the Supervisory Board and the General Meeting,
- giving the consents referred to in Art. 8.8a.2) of the Articles of Association,
- giving consent to transactions resulting in a permanent transfer or encumbrance of the Company's assets or the assets of entities belonging to the Company's Capital Group to business entities over which the Company's Capital Group does not exercise control or will not obtain control as a result of a given transaction within the meaning of the accounting regulations applicable to the Company, provided that the value of the assets subject to the transaction, on the basis of one or several related legal transactions, exceeds the equivalent of 20% of the Company's consolidated equity at the end of the calendar quarter preceding the day on which the legal transaction was performed or, in the case of several related legal transactions, at the end of the calendar quarter preceding the day on which the last of them was performed

A shareholder of the Company holding dematerialised shares is entitled to a registered certificate of entitlement to attend the General Meeting of the Company. The entity maintaining the securities account issues a registered certificate on the right

to participate in the General Meeting at the request of a person entitled from dematerialised bearer shares of the Company submitted not earlier than after the announcement on convening the General Meeting and not later than on the first working day after the day of registration of participation in the General Meeting.

Before each General Meeting, a list of shareholders entitled to attend the General Meeting must be drawn up. The list, signed by the Management Board, must be displayed at the Company's premises for a period of three working days preceding the holding of the Meeting. Shareholders may inspect the list at the Company's premises and may request a copy of the list against payment of the cost of preparing the list or the sending of the list of shareholders, free of charge, by e-mail, stating the address to which the list should be sent. At the General Meeting, immediately after the election of the Chairman, an attendance list must be drawn up, containing a list of attendees with the number of shares each represents and the number of votes to which they are entitled, and signed by the Chairman of the General Meeting. At the request of shareholders holding at least 1/10 of the share capital represented at the General Meeting, the attendance list should be checked by a committee elected for that purpose, composed of at least three persons. The requesting shareholders are entitled to elect one member of the committee.

The General Meeting is convened by an announcement on the Company's website and in the manner prescribed for the transmission of current and periodic information by public companies at least 26 days before the date of the General Meeting.

The announcement should state:

- the date, time and venue of the General Meeting and a detailed agenda,
- a precise description of the procedures for attending the General Meeting and exercising voting rights,
- the date of registration for the General Meeting,
- information that only persons who are shareholders of the company on the date of registration of participation in the General Meeting have the right to participate in the General Meeting,
- indication where and how a person entitled to attend the General Meeting may obtain the full text of the documentation to be presented to the General Meeting and the draft resolutions or, if no resolutions are to be adopted, the comments of the Company's Management Board or Supervisory Board on the items placed on the agenda of the General Meeting or on the items to be placed on the agenda prior to the date of the General Meeting,
- indication of the address of the website on which information concerning the General Meeting will be made available.

Where amendments to the Articles of Association are contemplated, the sections currently in force and the proposed amendments should be indicated. A shareholder or shareholders representing at least one-twentieth of the share capital may request the inclusion of specific items on the agenda of the next General Meeting no later than 21 days before the General Meeting. The request should contain a statement of reasons or a draft resolution concerning the proposed item of the agenda. The Management Board is obliged to announce changes to the agenda made at the request of shareholders promptly but in no event later than 18 days before the scheduled date of the General Meeting. Announcement is made in the manner appropriate to the convening of the General Meeting. A shareholder or shareholders representing at least one-twentieth of the Company's share capital may, prior to a General Meeting, provide the Company (in writing or by electronic means) with draft resolutions concerning the matters which have been or are to be included in the Meeting's agenda. The Company promptly publishes such draft resolutions on its website. During the General Meeting, each shareholder may submit draft resolutions concerning matters included in the meeting agenda.

Pursuant to Art. 405 of the Commercial Companies Code, the General Meeting may also adopt resolutions without being formally convened if the entire share capital is represented at the General Meeting and none of those present objects to holding the Meeting or placing particular issues on its agenda. Unless the provisions of the Commercial Companies Code or the Articles of Association stipulate otherwise, a General Meeting is validly held regardless of the number of shares represented at the Meeting.

### 4.13.2. Shareholders' rights and their exercise

All of the Company's shares are ordinary bearer shares and no additional rights or privileges are attached to them. The rights and obligations attached to the Company's shares are set out in the provisions of the Commercial Companies Code, the Articles of Association and other legislation.

The property rights attached to the Company's shares include, among others:

- Right to a dividend, i.e. a share in the Company's profit, as shown in the audited financial statements, allocated by the General Meeting for payment to the shareholders (Art. 347 of the Commercial Companies Code). The profit is distributed in proportion to the number of shares. The Company's Articles of Association do not provide for any privileges with respect to this right, which means that each share is entitled to an equal dividend. Those entitled to dividends for the financial year are the shareholders who were entitled to shares on the dividend date set by the General Meeting. The Ordinary General Meeting also sets the dividend payment date (Art. 348.3 of the Commercial Companies Code). Following the resolution to distribute profits, shareholders acquire a claim to payment of dividends. A claim for payment of a dividend becomes due on the date indicated in the resolution of the General Meeting and is

subject to limitation under general rules. No other right to participate in the Company's profits is attached to the Company's shares.

- Pre-emptive right to acquire new shares in relation to the number of shares held (subscription right); subject to the requirements specified in Art. 433 of the Commercial Companies Code, a Shareholder may be deprived of this right in part or in whole in the Company's interest by a resolution of the General Meeting adopted by a majority of at least four fifths of the votes; the provision that a majority of at least four-fifths of the votes must be obtained does not apply if the resolution on share capital increase provides that the new shares are to be subscribed for in their entirety by a financial institution (the Sub-Company), with the obligation to offer them subsequently to the shareholders in order to enable them to exercise their pre-emptive rights under the terms of the resolution, or if the resolution provides that the new shares are to be subscribed for by the Sub-Company in the event that the shareholders with pre-emptive rights do not subscribe for some or all of the shares offered to them; the shareholders' pre-emptive rights to shares may be waived if this has been announced in the agenda of the General Meeting.
- Entitlement to share in the Company's assets left after satisfying or securing creditors' claims in the event of liquidation of the Company (Art. 474 of the Commercial Companies Code); The Articles of Association of Kredyt Inkaso S.A. do not provide for any preference with respect to this right.
- Right to dispose of the shares held.
- Right to pledge or encumber the shares held.

The corporate rights attached to the shares include, among others:

- Right to participate in the General Meeting (Art. 412 of the Commercial Companies Code) and the right to exercise voting rights at the General Meeting (Art. 411.1 of the Commercial Companies Code). Each share is entitled to one vote at the General Meeting (Art. 411 of the Commercial Companies Code).
- Right to submit a request to convene an Extraordinary General Meeting of Shareholders and to submit a request to include individual issues on the agenda is granted to shareholders holding at least one twentieth of the Company's share capital (Art. 400.1 of the Commercial Companies Code). The request to convene an Extraordinary General Meeting must be made in writing or in electronic form to the Management Board. If the Extraordinary General Meeting is not convened within two weeks from the date of submission of the request to the Management Board, the Registry Court may authorise the requesting shareholders to convene an Extraordinary General Meeting. The court appoints the chairman of this Meeting (Art. 400.3 of the Commercial Companies Code).
- Right to appeal against resolutions of the General Meeting under the terms of Art. 422 to 427 of the Commercial Companies Code. Pursuant to the provisions of Art. 422 of the Commercial Companies Code, a resolution of the General Meeting which is in conflict with the Articles of Association or best practices and which harms the interests of the Company or is intended to harm a shareholder may be challenged by way of an action against the Company for the repeal of the resolution. The action may be brought by the Management Board, the Supervisory Board and individual members of these bodies or by a shareholder who:
  - voted against the resolution and, after its adoption, demanded that his objection be recorded in the minutes (the voting requirement does not apply to silent shares);
  - was unjustifiably prevented from attending the General Meeting;
  - was not present at the General Meeting when the General Meeting was convened in an irregular manner or a resolution was adopted on a matter that was not on the agenda. In the case of a public company, the time limit for bringing an action for repeal of a resolution is one month from the date of receipt of information on the resolution, but not later than within six months from the date of adoption of the resolution (Art. 424.2 of the Commercial Companies Code). If a resolution is contrary to the provisions of the Commercial Companies Code, it may be challenged pursuant to Art. 425 of the Commercial Companies Code by way of an action for invalidity of the resolution brought against the Company. Within 30 days of the date of publication of a resolution of the General Meeting, but no later than one year from the date of adoption of the resolution, an action may be brought to declare the resolution invalid.
- Right to demand that the Supervisory Board be elected by separate groups; in accordance with Art. 385.3 of the Commercial Companies Code, at the request of shareholders representing at least one-fifth of the share capital, the Supervisory Board should be elected by the next General Meeting by voting in separate groups.
- Right to obtain information about the Company in the scope and in the way defined by legal regulations, in particular pursuant to Art. 428 of the Commercial Companies Code, at the General Meeting the Management Board is required to provide shareholders – at their request – with information on the Company, if such information is needed to assess a matter included in the Meeting's agenda. A shareholder who was refused the requested information in the course of the General Meeting and requested that their objection be recorded in the minutes of the General Meeting may submit a request to the Registry Court for obliging the Management Board to provide the information (Art. 429 of the Commercial Companies Code).
- Right to a registered deposit certificate issued by the entity maintaining the securities account in accordance with the regulations on trading in financial instruments (Art. 328.6 of the Commercial Companies Code) and the right to receive a registered certificate of the right to participate in the General Meeting (Art. 406.3.2).



- Right to demand copies of the Management Board's report on the Company's activities and of the financial statements, together with a copy of the Supervisory Board's report and the auditor's opinion no later than fifteen days before the General Meeting (Art. 395.4 of the Commercial Companies Code).
- Right to inspect the list of shareholders entitled to participate in the General Meeting at the Management Board's premises and to request a copy of the list against reimbursement of the costs of its preparation; right to request that the list of shareholders be sent to him free of charge by electronic means (Art. 407.1, 407.11 of the Commercial Companies Code).
- Right to request a copy of motions on matters on the agenda one week before the General Meeting (Art. 407.2 of the Commercial Companies Code).
- Right to request that the attendance list of the General Meeting be reviewed by a dedicated committee comprising at least three members. Such a request may be submitted by shareholders holding a tenth of the share capital represented at the General Meeting. The applicants have the right to elect one committee member (Art. 410.2 of the Commercial Companies Code).
- Right to inspect the minute book and to request copies of resolutions certified by the Management Board (Art. 421.3 of the Commercial Companies Code).
- Right to bring an action to remedy damage caused to the Company under the principles set out in Art. 486 and 487 of the Commercial Companies Code, if the Company fails to bring an action to remedy the damage caused to it within one year from the date of disclosure of the act causing the damage.
- Right to inspect documents and to request that copies of the documents referred to in Art. 505.1 of the Commercial Companies Code (in case of merger of companies), in Art. 540.1 of the Commercial Companies Code (in case of demerger of the Company) and in Art. 561.1 of the Commercial Companies Code (in case of transformation of the Company) be made available at the Company's premises free of charge.
- Right to inspect the share register and to request an extract against reimbursement of the costs of its preparation (Art. 341.7 of the Commercial Companies Code).
- Right to request that a commercial company which is a shareholder of Kredyt Inkaso S.A. provide information whether it remains in a relationship of domination or dependence with a specified commercial company or cooperative being a shareholder of the Company or whether such relationship of domination or dependence has ceased. A shareholder may also require disclosure of the number of shares or votes or the number of shares or votes which that trading company holds, including as a pledgee, usufructuary or under agreements with other persons. Requests for information and replies should be made in writing.
- Right to demand that an expert examine a specific issue related to the establishment of a public company or the management of its affairs (special affairs auditor) pursuant to Art. 84 of the Act on public offering. A resolution to this effect is adopted by the General Meeting at the request of a shareholder or shareholders representing at least 5% of the total number of votes at the General Meeting. The relevant resolution should specify, in particular:
  - subject and scope of the audit;
  - documents which the Company should make available to the auditor;
  - the position of the Management Board on the proposal.

If the General Meeting rejects the request to appoint a special purpose auditor, the applicants may apply for the appointment of an auditor to the registry court within 14 days of the resolution.

## 4.14. Composition and changes in the composition of the Company's management, supervisory or administrative bodies and their committees during the last financial year.

### 4.14.1. Management Board of the Company

As at the Authorisation Date, the composition of the Management Board of the Company is as follows:

- Mr Maciej Jerzy Szymański – President of the Management Board
- Ms Barbara Anna Rudziks – Vice-President of the Management Board
- Ms Iwona Słomska - Vice-President of the Management Board
- Mr Tomasz Andrzej Kuciel – Member of the Management Board.

Changes that occurred in the composition of the Management Board in the period from 1 April 2021 until the authorisation of these financial statements are listed below:

- On 11 May 2022, Mr Tomasz Kuciel tendered his resignation as Member of the Company's Management Board with effect from 11 July 2022. Tomasz Kuciel cited personal reasons for his resignation.

#### **Maciej Szymański – President of the Management Board, at Kredyt Inkaso S.A. since 2016**

Mr Maciej Jerzy Szymański holds a university degree. He graduated from the University of Łódź, Faculty of Philology, IAE Lyon III Jean Moulin in Lyon, France and EMBA INSEAD in Fontainebleau, France and in Singapore.

#### **Barbara Rudziks - Vice-President of the Management Board, at Kredyt Inkaso S.A. since 2020**

Ms Barbara Rudziks is a graduate of the Maritime University in Gdynia with a Master's degree in Business Administration.

#### **Iwona Słomska - Vice-President of the Management Board, at Kredyt Inkaso S.A. since 2021**

Ms Iwona Słomska holds a Master's degree from the Institute of Political Science of the Wrocław University. She enriched her education at the Polish-American Study of Social Communication in Organization and Management (at the Wrocław University of Technology). She received an MBA diploma from the Higher School of Banking and Franklin University (USA).

#### **Tomasz Kuciel - Member of the Management Board, at Kredyt Inkaso S.A. since 2019**

Mr Tomasz Kuciel is a graduate of the University of Economics in Katowice, where he received his Master's degree. In addition, he completed postgraduate studies in accounting there. He also holds the ACCA certificate and FCCA title.

### **4.14.2. Activities of the Company's Management Board**

Pursuant to Art. 9 of the Articles of Association, the Company's Management Board is composed of one to four members, including the President of the Management Board, Vice-President or Vice-Presidents and Member or Members of the Management Board, appointed for a joint three-year term of office. The Supervisory Board appoints, dismisses and suspends members of the Company's Management Board in a secret ballot and determines the number of members of the Management Board. The terms of office of the members of the Management Board expire on the date of the General Meeting approving the financial statements for the last full financial year in which they held office. The Management Board manages the Company and represents it in and out of court, before authorities and third parties. The President of the Management Board directs the work of the Management Board. The powers of the President of the Management Board are defined in the Regulations of the Management Board.

In accordance with the provisions of the Rules of Procedure of the Management Board, the following matters in particular require a resolution of the Management Board:

- those which, in accordance with the provisions of the Company's Articles of Association or legal regulations, are not reserved for the Company's other bodies;
- any matter which exceeds the scope of ordinary management;
- those the conduct of which has been objected to by at least one member of the Management Board in writing or by e-mail addressed to all other members of the Management Board;
- appointment of a proxy for the Company;
- those the resolution of which is requested in writing or by e-mail to all other members of the Management Board by the President of the Management Board or a member of the Management Board;
- placing individual issues on the agenda of the Supervisory Board and drawing up of written proposals for the Supervisory Board;
- convening the General Meeting;
- adoption of the financial statements of the Company and the capital group and the report on the activities of the Company and the capital group for the financial year;
- drawing up a proposal on how to distribute profit or cover loss;
- adoption of the budget or draft budget for the Company or any financial plan for the Company or the Group;
- determination of the organisational by-laws of the Company;
- adoption of the Company's strategy or long-term business plans;
- establishment of the Company's internal regulations required by law and of any internal regulations required to be adopted by the relevant internal regulations;
- borrowing;
- acquisition or disposal of real estate or the right of perpetual usufruct;
- carrying out investment tasks by the Company or an entity from the Capital Group and incurring obligations resulting therefrom exceeding PLN 200,000 (say: two hundred thousand zlotys);
- incurring liabilities, disposal of property rights, or any form of encumbrance on the assets of the Company or an entity in the Capital Group whose value exceeds PLN 100,000.00 (say: one hundred thousand zlotys);
- disposal, acquisition and encumbrance by the Company of shares, stocks or other titles of participation in other entities, including shares in publicly traded securities;

- issuance of securities by the Company subject to the powers of the General Meeting;
- laying down the principles for granting and revoking powers of attorney;
- those specified in other internal acts of the Company.

Resolutions of the Management Board are adopted with an absolute majority of votes cast. In the event of a balance of votes, the President of the Company's Management Board has the deciding vote. The Regulations of the Company's Management Board set out in detail the procedure of the Management Board. The Regulations are adopted by the Management Board and approved by resolution of the Supervisory Board. The Regulations of the Company's Management Board can be found at [www.kredytinkaso.pl](http://www.kredytinkaso.pl). Pursuant to Art. 9.4 of the Articles of Association, the joint action of two members of the Management Board or one member of the Management Board and a proxy is required to make declarations on behalf of the Company. In agreements between the Company and members of the Management Board, including terms and conditions of employment, the Company is represented by the Supervisory Board. Declarations of will on behalf of the Supervisory Board are made by a member or members of the Supervisory Board duly authorised by a resolution of the Supervisory Board. A member of the Management Board may not, without the authorisation of the Supervisory Board, engage in competitive business or participate in a competitive company as a partner, shareholder or member of the authorities.

### 4.14.3. Supervisory Board

As at the Authorisation Date, the composition of the Supervisory Board of the Company is as follows:

- Mr Bogdan Dzdudzewicz – Chairman of the Supervisory Board
- Mr Marcin Okoński – Deputy Chairman of the Supervisory Board
- Mr Karol Sowa – Secretary of the Supervisory Board
- Mr Daniel Dąbrowski – Member of the Supervisory Board
- Mr Karol Szymański – Member of the Supervisory Board.

#### **Bogdan Dzdudzewicz - Chairman of the Supervisory Board, at Kredyt Inkaso S.A. since 2017**

Mr Bogdan Dzdudzewicz studied at the Faculty of Law of Adam Mickiewicz University in Poznań and at Central European University in Budapest. He has held the title of legal adviser since 1998. He is co-author of the first corporate governance rules adopted by the WSE.

#### **Marcin Okoński - Deputy Chairman of the Supervisory Board, at Kredyt Inkaso S.A. since 2018**

Mr Marcin Okoński is a graduate of the Warsaw School of Economics (SGH), where he earned his master's degree, and he also studied at the Vienna University of Economics and Business Administration in Austria.

#### **Karol Sowa - Member of the Supervisory Board, at Kredyt Inkaso S.A. since 2018**

Mr Karol Sowa studied at the Faculty of Law and Administration of the University of Warsaw, where he also graduated from the School of American Law. Since 2012 entered on the list of attorneys of the District Bar Association in Warsaw.

#### **Karol Szymański - Member of the Supervisory Board, at Kredyt Inkaso S.A. since 2016**

Mr Karol Szymański is a graduate of the University of Warsaw, Faculty of Law and Administration. He holds the title of Certified Adviser in the Alternative Trading System granted by the WSE (No. 9/2014).

#### **Daniel Dąbrowski - Member of the Supervisory Board, at Kredyt Inkaso S.A. since 2016**

Mr Daniel Dąbrowski is a graduate of the Warsaw School of Economics, where he earned his master's degree. He completed postgraduate studies in the field of Capital Company Valuation Methods at the Warsaw School of Economics.

### 4.14.4. Activities of the Supervisory Board

Pursuant to the provision of Art. 8.1 of the Company's Articles of Association, the Supervisory Board of Kredyt Inkaso S.A. consists of five to nine members, including the Chairman, Vice Chairman and the Secretary. The Chairman of the Supervisory Board, the Deputy Chairman and the Secretary are elected by the Supervisory Board from among the Supervisory Board members. Members of the Supervisory Board are appointed for a joint term of office of 3 years and may be dismissed at any time before the expiry of their term of office. With effect from 26 November 2007, when the amendment to the Articles of Association adopted by the Extraordinary General Meeting of 30 August 2007 was registered, in the event of the death or resignation of a member of the Supervisory Board, the remaining members of the Supervisory Board may, within 15 days of becoming aware of this circumstance, supplement their composition by co-opting candidates proposed by members of the Supervisory Board. The term of office of the co-opted person requires the approval of the next General Meeting and ends with the term of office of the entire Supervisory Board or the holding of the next General Meeting which did not approve the election of the member by co-option. The Company's Supervisory Board is currently composed of five persons. The appointment of the members of the Supervisory Board as well as the appointment of the members of the Supervisory Board

by voting in separate groups is governed by the Rules of the General Meeting of the Company, which are available at [www.kredytinkaso.pl](http://www.kredytinkaso.pl).

Meetings of the Supervisory Board are held as necessary, but no less frequently than once every three months. Meetings of the Supervisory Board are convened by its Chairman or, if the Chairman is unable to do so, by the Deputy Chairman, on the Chairman's own initiative or at the request of the Management Board or a Supervisory Board member, in which the proposed agenda is given. If a written request to convene a meeting of the Supervisory Board is submitted by the Management Board or a member of the Supervisory Board, the meeting is convened within two weeks of the day on which the request is delivered, whereas the notice convening the meeting of the Supervisory Board is to be sent no later than 7 days before the scheduled date of the meeting. If a meeting is not convened within the period indicated, the applicant may convene it independently, stating the date, place and proposed agenda. Meetings of the Supervisory Board are opened and chaired by the Chairman of the Supervisory Board, and in his absence by the Deputy Chairman. In the absence of both the Chairman and the Deputy Chairman of the Supervisory Board, the meeting may be opened by any member of the Supervisory Board by ordering the election of the Chairman of the meeting.

The Supervisory Board adopts resolutions if at least half of its members are present at the meeting, all members having been invited to the meeting in writing. The Supervisory Board adopts resolutions by absolute majority of votes. In the event of an equal number of votes cast for and against a resolution, the Chairman of the Supervisory Board has the deciding vote, and in the absence of the Chairman of the Supervisory Board, the Deputy Chairman of the Supervisory Board has the deciding vote, and in the absence of the Chairman of the Supervisory Board and the Deputy Chairman of the Supervisory Board, the Secretary of the Supervisory Board has the deciding vote.

The notices containing the agenda and indicating the date and place of the meeting of the Supervisory Board should be sent at least seven days before the scheduled date of the meeting of the Supervisory Board to the addresses indicated by the members of the Supervisory Board and sent, on the same date, to the electronic mail addresses previously indicated by the members of the Supervisory Board. The agenda is set and notices are distributed by the Chairman of the Supervisory Board or another person if authorised to convene the meeting. The Supervisory Board may not adopt a resolution on matters not on the agenda unless all members are present and consent to the adoption of the resolution. Resolutions of the Supervisory Board may also be adopted without a meeting, provided that all members of the Supervisory Board, being aware of the content of the draft resolution, consent in writing to the decision to be adopted and to this procedure for adopting the resolution. The members of the Supervisory Board may also take part in the adoption of resolutions by casting their votes in writing through another member of the Supervisory Board. This does not apply to votes on items placed on the agenda during the meeting. The meeting of the Supervisory Board and the adoption of resolutions by the Supervisory Board may also be held in such a way that the members of the Supervisory Board participate in the meeting and in the adoption of resolutions by means of direct remote communication, whereby all members of the Supervisory Board participating in the meeting must be informed of the content of the draft resolutions. Members of the Supervisory Board must acknowledge receipt of draft resolutions by telefax or e-mail, no later than the day following that on which they received them. Meetings of the Supervisory Board may be conducted using means of direct remote communication (such as teleconferencing, videoconferencing and others) in a manner that allows simultaneous communication and mutual identification between all members of the Supervisory Board present. The person chairing the meeting of the Supervisory Board or a person authorised by him/her reads out or transmits electronically to all the Members of the Supervisory Board participating in the meeting in such manner the content of the resolutions, after which these persons in turn submit their vote for or against the resolution. The person chairing the meeting of the Supervisory Board records in the minutes how each person voted, with a note as to how that person participated in the meeting of the Supervisory Board. The members of the Supervisory Board present at the meeting sign the resolutions at the meeting immediately after their adoption.

Adoption of a resolution by means of direct remote communication is approved by the Chairman of the Supervisory Board, who takes votes from the other members of the Supervisory Board. Approval is given by noting on the resolution the manner of its adoption and the votes cast by each member of the Supervisory Board.

According to the procedures set out above, the Supervisory Board may not adopt resolutions on the election of the Chairman, Deputy Chairman and Secretary of the Supervisory Board, on the appointment, dismissal or suspension of a member of the Management Board and on the matters set out in Art. 382.3 of the Commercial Companies Code. The Supervisory Board may delegate its members to perform particular supervisory activities individually. If the General Meeting elects the Supervisory Board by voting in separate groups, the members of the Supervisory Board elected by each group may delegate one member to exercise permanent individual supervision.

The Supervisory Board exercises constant supervision over the Company's activities.

In accordance with the Company's Articles of Association, the Supervisory Board's powers also include:

- appointment and dismissal of members of the Management Board;
- representing the Company in agreements with members of the Management Board, including the terms and conditions of employment of members of the Management Board;

- suspending, for important reasons, individual or all members of the Management Board in their duties, as well as delegating a member or members of the Supervisory Board to temporarily perform the duties of the members of the Management Board who are unable to perform their duties;
- approving the rules of procedure of the Management Board;
- selecting a statutory auditor authorised to audit the financial statements of the Company and the Capital Group in accordance with the provisions of the Accounting Act;
- evaluating the financial statements, both as to their compliance with the books and documents and with the facts, evaluating the Management Board's report and the Management Board's proposals regarding the distribution of profit and coverage of loss, and submitting an annual written report on the results of this evaluation to the General Meeting;
- approving the Company's development strategy and multi-annual financial plans;
- giving its opinion on the annual financial plans.

The Management Board is required to obtain the approval of the Supervisory Board for the following actions to be carried out by the Company or any entity from the Capital Group:

- establishing or liquidating an establishment and a branch of the Company abroad;
- selling, transferring, leasing, encumbering, disposing of or managing on the basis of one or more related legal actions, including on the basis of the sub-participation agreement referred to in Art. 183.4 of the Act on Investment Funds and Alternative Investment Fund Management, of any right or asset other than real estate, an interest in real estate or the right of perpetual usufruct, the net book value of which exceeds the equivalent of 2% of the Company's consolidated equity at the end of the calendar quarter preceding the day on which the action is performed or, in the case of several related legal actions, at the end of the calendar quarter preceding the day on which the last of them is performed;
- acquiring a right or an asset other than an immovable property, an interest in an immovable property or a right of perpetual usufruct, or incurring a liability, on the basis of one or more related legal transactions, the value of which exceeds the equivalent of 10% of the Company's consolidated equity at the end of the calendar quarter preceding the day on which the action is performed or, in the case of several related legal actions, at the end of the calendar quarter preceding the day on which the last of them is performed;
- acquiring, disposing of or encumbering real estate or an interest in real estate and the right of perpetual usufruct or an interest in the right of perpetual usufruct for an amount exceeding the equivalent of 2% of the Company's consolidated equity at the end of the calendar quarter preceding the day on which the action is performed or, in the case of several related legal actions, at the end of the calendar quarter preceding the day on which the last of them is performed;
- making equity or tangible investments abroad of an amount exceeding one twentieth of the share capital;
- establishing companies and joining companies, approving their articles of association or subsequent amendments to their articles of association, unless the Company has no influence on the final form of these documents, and making contributions to cover shares in companies and disposing of shares;
- carrying out a transaction whose value exceeds the equivalent of one-fifth of the Company's share capital with a shareholder holding shares in the Company conferring the right to exercise at least 5% of the total number of votes in the Company;
- approving the manner in which the Company exercises its personal rights or voting rights at General Meetings of companies, Meetings of shareholders of companies, Meetings of investors in investment funds in which the Company is, respectively, a shareholder, partner or participant, on matters falling into one of the categories of matters listed in items above, as well as on matters increasing or decreasing the capital, issuing any certificates giving the right to shares or other participation units, liquidating or dissolving such entities and appointing and dismissing members of their bodies.

The obligation to obtain the consent referred to above does not apply and the consent of the Supervisory Board is not required if the transaction/investment is made between the Company and entities belonging to the Capital Group or between such entities, or if the transaction/investment is provided for directly and individually in the financial plans referred to in Art. 8.6.8) of the Articles of Association positively approved by the Supervisory Board. To avoid any doubt, the consent of the Supervisory Board is not required for the purchase of receivables if the purchase takes place within the global limits set out in the annual financial plan for the Company or the Group in force for a given year, which has been approved by the Supervisory Board. If the Supervisory Board does not consent to the carrying out of a specific act or if it is not possible to obtain the consent of the Supervisory Board due to the lack of capacity of the Supervisory Board to adopt resolutions as a result of the lack of number of members required by a resolution of the General Meeting or due to other circumstances, then the Management Board may request the General Meeting to adopt a resolution on consenting to the carrying out of such act. At the request of at least two members, the Supervisory Board is obliged to consider taking the supervisory actions specified in such request.

The Rules of Procedure of the Company's Supervisory Board set out in detail the procedure of the Supervisory Board. The content of the current Regulations of the Company's Supervisory Board is posted on the website: [www.kredytinkaso.pl](http://www.kredytinkaso.pl).



In accordance with the provisions of the Rules of Procedure of the Supervisory Board, resolutions of the Supervisory Board are adopted by an absolute majority of votes cast, in the presence of at least half of the members of the Supervisory Board, whereby votes cast are deemed to be votes "for", "against" and "abstaining". In the event of an equal number of votes, the Chairman of the Supervisory Board has the deciding vote, and in the absence of the Chairman of the Supervisory Board, the Deputy Chairman of the Supervisory Board has the deciding vote, and in the absence of the Chairman of the Supervisory Board and the Deputy Chairman of the Supervisory Board, the Secretary of the Supervisory Board has the deciding vote. Voting on resolutions is open, with the exception of personal matters in the case of which a secret ballot is ordered using ballot papers with the inscriptions "FOR", "AGAINST" and "ABSTAINING" by circling the inscription which corresponds to the content of the voter's vote. On the other hand, an affirmative vote ("For") of at least two-thirds of all members of the Supervisory Board is required to remove or suspend any member of the Management Board or the entire Management Board during their term of office.

Minutes of the meeting of the Supervisory Board are drawn up. The minutes should state the place and time of the meeting and the agenda, the first and last names of the members of the Supervisory Board present at the meeting and of other persons participating in the meeting, the content of the resolutions adopted and the results and manner of voting, the reservations and dissenting opinions voiced by members of the Supervisory Board, and briefly present the course of the meeting. The minutes should note that the Supervisory Board – due to being properly convened and the presence of the required number of its members – is able to hold a meeting and adopt resolutions. During the meeting, after the adoption of each resolution, the chairman orders the content of the resolution to be drawn up in writing and the resolution is then signed by all members of the Supervisory Board present at the meeting. A member of the Supervisory Board voting against a resolution has the right to put his/her signature under the resolution, indicating his/her dissenting opinion submitted for recording in the minutes. All resolutions signed as above are annexed to the minutes of the meeting at which they were adopted. The minutes are signed by the members of the Supervisory Board present at the meeting. Members of the Supervisory Board not present at the meeting are obliged to familiarise themselves with the content of the minutes and to confirm this by signing the minutes with the annotation "I have familiarised myself with the content of the minutes".

#### 4.14.5. Audit Committee

As at the Authorisation Date, the composition of the Audit Committee was as follows:

- Marcin Okoński – Chairman of the Committee
- Daniel Dąbrowski - Member of the Committee
- Karol Szymański – Member of the Committee.

#### 4.14.6. Activities of the Audit Committee

The competence and responsibilities of the Committee include supervision over financial reporting, internal control, risk management and internal and external audits of the Company. In particular, the Committee's competences include:

- the monitoring of:
  - financial reporting process,
  - effectiveness of internal control, risk management, and internal audit systems, including financial reporting,
  - performance of a financial review, and in particular audits conducted by an auditing firm, taking into account all conclusions and findings of the Polish Financial Supervision Authority resulting from the audit carried out at the auditing firm;
- controlling and monitoring the independence of a statutory auditor and of an auditing firm, in particular where the Company is provided by an auditing firm with any non-audit services;
- informing the Supervisory Board of the results of the audit and explaining how the audit contributed to the integrity of financial reporting in the Company and what the Committee's role was in the audit process;
- assessing the independence of the statutory auditor and expressing consent for the provision of permitted non-audit services at the Company;
- formulating a policy on selecting an auditing firm to carry out an audit;
- formulating a policy on the provision of permitted non-audit services by the auditing firm performing the audit, entities related to that auditing firm and by a member of that auditing firm's network;
- establishing a procedure for selecting an auditing firm by the Company;
- presenting to the Supervisory Board the recommendation referred to in Art. 16.2 of Regulation No 537/2014;
- submitting recommendations with a view to ensure the reliability of the financial reporting process at the Company.

The Committee also carries out, within its area of competence, tasks assigned by the Supervisory Board.

The above tasks were carried out by the Audit Committee in the process of preparing these financial statements. In the financial year ended 31 March 2022, the Audit Committee held six meetings, and after the reporting date until the issue hereof, there were additional four meetings.



The Audit Committee is composed of the following members of the Supervisory Board: (i) Marcin Okoński – Chairman of the Audit Committee, (ii) Daniel Dąbrowski – Member of the Audit Committee, (iii) Karol Maciej Szymański – Member of the Audit Committee. According to the representations made, Marcin Okoński and Karol Szymański meet the independence criteria required under Art. 129.3 of the Act on Statutory Auditors for the purpose of serving on the Audit Committee. Daniel Dąbrowski has knowledge and skills both in accounting and in the industry in which the Company operates. He acquired them during his education at the Warsaw School of Economics during his studies and postgraduate studies, in the places where he was previously employed (implementation of consulting projects, participation in projects for the sale of debt portfolios, participation in the investment team), and by sitting on the Company's Supervisory Board since 2016. Marcin Okoński and Karol Maciej Szymański also have knowledge and skills in legal issues related to the industry in which the Company operates. Marcin Okoński acquired them during his education at the SGH Warsaw School of Economics, in the places where he has been employed to date and by sitting on companies' bodies (including, since 2018, on the Company's Supervisory Board). Karol Szymański acquired his knowledge and skills during his education at the University of Warsaw, in the places where he has been employed to date and by sitting on companies' bodies (including, since 2016, on the Company's Supervisory Board).

The main assumptions of the developed policy for the selection of the auditing firm to conduct the audit:

- The selection is made taking into account the principles of impartiality and independence of the auditing firm and an analysis of the work carried out by the firm within the Company and outside the scope of the audit of the financial statements in order to avoid conflicts of interest (maintaining impartiality and independence).
- Control and monitoring of the auditor's and auditing firm's independence are carried out at each stage of the procedure for selecting the auditing firm to audit and review the financial statements indicated above.
- The Supervisory Board, when making the final selection, and the Audit Committee at the stage of preparing its recommendation, are guided by the following guidelines regarding the auditing entity:
  - ability to provide the full range of services specified by the Company (audit of individual accounts, audit of consolidated accounts, interim reviews, etc.);
  - previous experience of the entity in auditing statements of entities with a similar profile to the Company;
  - previous experience of the entity in auditing the financial statements of companies listed on the Warsaw Stock Exchange;
  - the price proposed by the auditor (which, however, must not be the sole or predominant criterion for recommendation or selection);
  - the number of staff dedicated to the audit and their professional qualifications and experience;
  - ability to conduct the audit at times specified by the Company;
  - reputation of the auditing firm in the financial markets;
  - previous cooperation of the entity authorised to audit with the Company;
  - Group companies operating outside the Republic of Poland should be audited predominantly by companies of the respective auditing firm operating within the international network.

The main features of the policy on the provision of permitted non-audit services by the auditing firm, by affiliates of the auditing firm and by a member of the auditing firm's network:

- The statutory auditor, the auditing firm or any member of their network may not provide services other than audit services (non-audit services) to the Company or the Group during the following periods: (i) from the beginning of the audited period until the issuance of the audit report, and (ii) during the financial year immediately preceding the period referred to in item (i) above in relation to the provision of legal services, including the provision of general legal advice, negotiating on behalf of the audited entity and acting as an advocate in dispute resolution, except for services that do not compromise their independence,
- Permitted services may be provided only to the extent not related to the audited entity's tax policy, after the Audit Committee has assessed the risks and safeguards of independence and given its approval. Where appropriate, the Audit Committee may issue guidelines for the provision of specific services.

#### 4.14.7. Changes in the Company's governing bodies

There have been no changes in the composition of the Management Board or in the composition of the Supervisory Board and the Audit Committee of the Company up to the Authorisation Date, other than those indicated in section "Composition and changes in the composition of the Company's management, supervisory or administrative bodies and their committees during the last financial year".

## 5. POLICY ON SPONSORSHIP, CHARITY OR OTHER SIMILAR ACTIVITIES

The Company does not sponsor or donate, either directly or indirectly, to political organisations and public officials or persons holding a public office.

The Company accepts sponsorship to support education and recreation for children, the disabled and the elderly, foundations and charities. The Company's initiatives supporting local communities and providing assistance to those in need:

- transfer of PLN 10,000 to the Mali Bracia Ubogich Foundation to support the Give a Christmas Eve initiative. Thanks to the transferred funds, 200 lone seniors received a Christmas Eve meal and gift, and they spent Christmas in the company of the Foundation's friendly volunteers.
- transfer PLN 10,000 to support the development of the talent of an outstanding student of the piano class in the 1st and 2nd Grade State Music School in Zamość. The funds enabled co-financing of piano lessons, purchase of a new instrument and participation in competitions.
- transfer PLN 30,000 to the Polish Humanitarian Action to support victims of the war in Ukraine.

Initiatives supporting women and the diversity of employment:

- Impact CEE '21

Participation of Barbara Rudziks in the panel "Diversity, Equity & Inclusion: what has to be done differently for the future of work?" during the Impact CEE '21 congress in Poznań. During the meeting, the matters discussed included participation of women in leading positions in Poland, benefits of equality of employment and challenges faced by women on their career path.

Internal initiatives promoting health prepared by the Company for employees

- Webinar on COVID-19 with Magdalena Wysocka, MD., Ph.D.

The webinar was organised to support employees during the COVID-19 pandemic. During the meeting, issues related to COVID-19, health hazards, protection methods and boosting immunity were discussed.

- "Healthy minds in turbulent times" webinar with Małgorzata Henke

A webinar on mental health in times of crisis. During the workshop, Kredyt Inkaso's employees learned about mechanisms affecting mental well-being and heard advice on how to keep healthy in times of anxiety over war and the COVID-19 pandemic.

- Health promotion initiative

Preparation of a set of guidelines for Kredyt Inkaso's employees containing information and advice on mental and physical health and healthy eating.

## 6. OTHER INFORMATION

### 6.1. Remuneration of the Group's management and supervisory bodies

#### 6.1.1. Remuneration of the Management Board

|                         | 1 Apr 2021<br>-31 Mar 2022 | 1 Apr 2020<br>-31 Mar 2021 |
|-------------------------|----------------------------|----------------------------|
| Maciej Szymański        | 932                        | 933                        |
| Barbara Rudziks         | 1,157                      | 1,194                      |
| Iwona Słomska           | 1,105                      | -                          |
| Tomasz Kuciel           | 614                        | 603                        |
| Jarosław Orlikowski (*) | -                          | 587                        |
| Bastian Ringhardt (**)  | -                          | 581                        |
| <b>Total</b>            | <b>3,808</b>               | <b>3,898</b>               |

(\*) Jarosław Orlikowski served as a member of the Company's Management Board until 3 June 2020.

(\*\*) Bastian Ringhardt served as a member of the Company's Management Board until 25 March 2020.

**Remuneration paid by the Kredyt Inkaso S.A.**

|                     | 1 Apr 2021<br>-31 Mar 2022 | 1 Apr 2020<br>-31 Mar 2021 |
|---------------------|----------------------------|----------------------------|
| Maciej Szymański    | 291                        | 287                        |
| Barbara Rudziks     | 557                        | 554                        |
| Iwona Słomska       | 467                        | -                          |
| Tomasz Kuciel       | 253                        | 250                        |
| Jarosław Orlikowski | -                          | 587                        |
| Bastian Ringhardt   | -                          | 150                        |
| <b>Total</b>        | <b>1,568</b>               | <b>1,829</b>               |

**Remuneration paid by other companies of the Capital Group**

|                     | 1 Apr 2021<br>-31 Mar 2022 | 1 Apr 2020<br>-31 Mar 2021 |
|---------------------|----------------------------|----------------------------|
| Maciej Szymański    | 641                        | 645                        |
| Barbara Rudziks     | 600                        | 640                        |
| Iwona Słomska       | 638                        |                            |
| Tomasz Kuciel       | 361                        | 353                        |
| Jarosław Orlikowski | -                          | -                          |
| Bastian Ringhardt   | -                          | 430                        |
| <b>Total</b>        | <b>2,240</b>               | <b>2,069</b>               |

## 6.1.2. Remuneration of the Supervisory Board

Remuneration of individual members of the Supervisory Board in Kredyt Inkaso S.A.

|                   | 1 Apr 2021<br>-31 Mar 2022 | 1 Apr 2020<br>-31 Mar 2021 |
|-------------------|----------------------------|----------------------------|
| Daniel Dąbrowski  | -                          | -                          |
| Bogdan Dzudzewicz | 208                        | 206                        |
| Marcin Okoński    | 63                         | 43                         |
| Karol Sowa        | 47                         | 43                         |
| Karol Szymański   | 71                         | 65                         |
| <b>Total</b>      | <b>389</b>                 | <b>357</b>                 |

## 6.2. Agreements concluded between the Group companies and management personnel providing for compensation in the event of their resignation or dismissal

The Group companies have entered into agreements with their managers providing for compensation in the event of their resignation or dismissal under the following conditions:

- Maciej Szymański - there are non-competition rules in force after the termination of cooperation with the remuneration amounting to 50% of the basic remuneration paid for 12 months after the termination of cooperation.
- Barbara Rudziks - there are non-competition rules in force after the termination of cooperation with the remuneration amounting to 50% of the basic remuneration paid for 12 months after the termination of cooperation.

- Tomasz Kuciel - there are non-competition rules in force after the termination of cooperation with the remuneration amounting from 25% to 50% of the basic remuneration paid from 6 to 12 months after the termination of cooperation, signed with different entities from the Group.
- Iwona Słomska - there are non-competition rules in force after the termination of cooperation with the remuneration amounting to 50% of the basic remuneration paid for 12 months after the termination of cooperation.

## 6.3. Transactions with related parties on conditions other than market conditions

All transactions with affiliated entities have been presented in detail in the annual consolidated financial statements of the Kredyt Inkaso Capital Group.

## 6.4. Information on credit and loan agreements entered into and terminated in the financial year, indicating at least their amount, type and interest rate, currency and maturity date

Information on loan and credit agreements entered into and terminated in the financial year has been presented in detail in the annual consolidated financial statements of the Kredyt Inkaso Capital Group.

## 6.5. Representations of the Management Board

The Company's Management Board declares that to the best of its knowledge, the annual consolidated and separate financial statements and comparable data have been prepared in accordance with the applicable accounting principles and that they reflect in a true, reliable and clear manner the economic and financial condition of the Kredyt Inkaso Capital Group and Kredyt Inkaso S.A. and their financial result, as well as that the present report on activities contains a true picture of development and achievements and situation of the Kredyt Inkaso Capital Group and Kredyt Inkaso S.A., including description of basic threats and risks.

On the basis of the Supervisory Board's statement, the Management Board of the Company reports that Grant Thornton Polska Spółka z ograniczoną odpowiedzialnością Spółka komandytowa of Poznań, the auditor of the separate financial statements and the consolidated financial statements for the financial year ended 31 March 2022, was appointed in accordance with the law, including on the appointment and selection procedure of the audit firm, and that:

- the auditing firm and the members of the audit team fulfilled the conditions for the preparation of an impartial and independent audit report on the full-year financial statements in accordance with the applicable regulations, professional standards and rules governing professional ethics;
- the mandatory laws related to the rotation of the audit firm and of the key independent auditor as well as the mandatory waiting times are complied with;
- The Company has in place a policy for the selection of the audit firm and a policy for the provision to the Company by an audit firm, and affiliate thereof, or a member of its network of additional non-audit services, including services conditionally exempted from the prohibition of provision by the audit firm.

## 7. DIRECTORS' REPORT ON THE ACTIVITIES OF KREDYT INKASO S.A.

Pursuant to Art. 55 par. 2a of the Accounting Act and Art. 83.7 of the Regulation of the Minister of Finance on current and periodic information, the Company has prepared the Management Board's report on activities of Kredyt Inkaso S.A. and Kredyt Inkaso Capital Group in the form of a single document. The other required elements of the report on the Company's activities not included in Chapter 7 are the same as the Management Board's report on the activities of the Group.

### 7.1. Key economic and financial figures of the Company

#### Separate statement of financial position

|                                     | 31 Mar 2022    | 31 Mar 2021    | Change          | Change in % |
|-------------------------------------|----------------|----------------|-----------------|-------------|
| Non-current assets                  | 289,390        | 409,098        | (119,708)       | -29%        |
| Current assets                      | 146,037        | 109,734        | 36,303          | 33%         |
| <b>Total assets</b>                 | <b>435,427</b> | <b>518,832</b> | <b>(83,405)</b> | <b>-16%</b> |
| <i>including:</i>                   |                |                |                 |             |
| <i>Purchased debt</i>               | <i>58,765</i>  | <i>65,646</i>  | <i>(6,881)</i>  | <i>-10%</i> |
| <i>Cash and cash equivalents</i>    | <i>25,274</i>  | <i>13,125</i>  | <i>12,149</i>   | <i>93%</i>  |
| Equity                              | 72,063         | 80,628         | (8,565)         | -11%        |
| Non-current liabilities             | 197,494        | 275,604        | (78,110)        | -28%        |
| Current liabilities                 | 165,870        | 162,600        | 3,270           | 2%          |
| <b>Total equity and liabilities</b> | <b>435,427</b> | <b>518,832</b> | <b>(83,405)</b> | <b>-16%</b> |

#### Separate statement of profit or loss and other comprehensive income

|   | 1 Apr 2021-31 Mar 2022 | 1 Apr 2020-31 Mar 2021 | Change          | Change in % |
|---|------------------------|------------------------|-----------------|-------------|
| Interest income on debt portfolios calculated using the effective interest method | 13,687                 | 10,877                 | 2,810           | 26%         |
| Revaluation of debt portfolios  | 11,975                 | 16,562                 | (4,587)         | -28%        |
| Other revenue / costs   | 44,667                 | 30,015                 | 14,652          | 49%         |
| <b>Total net revenue</b>  | <b>70,329</b>          | <b>57,454</b>          | <b>12,875</b>   | <b>22%</b>  |
| Employee benefits expense   | (31,335)               | (24,712)               | (6,623)         | 27%         |
| Depreciation and amortisation   | (3,305)                | (2,718)                | (587)           | 22%         |
| Services  | (34,859)               | (31,822)               | (3,037)         | 10%         |
| Other expenses  | (7,587)                | (5,463)                | (2,124)         | 39%         |
| <b>Total operating expenses</b>   | <b>(77,086)</b>        | <b>(64,715)</b>        | <b>(12,371)</b> | <b>19%</b>  |
| <b>Operating profit/(loss)</b>  | <b>(6,757)</b>         | <b>(7,261)</b>         | <b>504</b>      | <b>-7%</b>  |
| Finance income  | 29,341                 | 25,909                 | 3,432           | 13%         |
| Finance costs   | (32,783)               | (34,663)               | 1,880           | -5%         |
| <b>Profit/(loss) before tax</b>   | <b>(10,199)</b>        | <b>(16,015)</b>        | <b>5,816</b>    | <b>-36%</b> |
| Income tax  | (4,022)                | 758                    | (4,780)         | -631%       |
| <b>Net profit/(loss)</b>  | <b>(14,221)</b>        | <b>(15,257)</b>        | <b>1,036</b>    | <b>-7%</b>  |

## 7.2. Discrepancies between the financial results disclosed in the full-year report and the previously released forecasts

A forecast of financial performance for the financial year ended on 31 March 2022 has not been published.

## 7.3. Current and expected financial condition

The financial position of the Company is considered to be stable. Over the next 12 months, it is anticipated that the current financial position will be maintained, the asset and capital structure will remain secure and the ability to settle liabilities will be maintained. Over the longer term, the level of the Company's equity and the availability of the debt financing required to increase the level of investment in debt portfolios will have a significant impact on the maintenance of the Company's remuneration for managing these receivables.

No other factors have been identified which, if the current financial policy is maintained, could result in a deterioration of the financial condition.

## 8. AUTHORISATION FOR ISSUE AND SIGNATURES OF MEMBERS OF THE MANAGEMENT BOARD

These full-year consolidated financial statements for the period from 1 April 2021 to 31 March 2022, along with comparative information, were authorised for issue by the Parent's Management Board on 29 June 2022 ("Authorisation Date").

|                                      |  |           |  |           |   |
|--------------------------------------|--|-----------|--|-----------|---|
| President<br>of the Management Board | Vice-President<br>of<br>Management Board | of<br>the | Vice-President<br>of<br>Management Board | of<br>the | Member<br>of<br>the<br>Management Board |
| Maciej Szymański                     | Barbara Rudziks                          |           | Iwona Słomska                            |           | Tomasz Kuciel                           |