

Auditor's report

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Independent auditor's report on the audit

of the annual financial statements

Kredyt Inkaso Spółka Akcyjna

with its registered office in Warsaw

for the financial year from 1 April 2022 to 31 March 2023



REPORT OF THE INDEPENDENT STATUTORY AUDITOR ON AUDIT OF THE ANNUAL FINANCIAL STATEMENTS

For the General Meeting of Kredyt Inkaso S.A.

Report on the audit of the financial statements

Opinion on the financial statements

We audited the attached annual financial statements of Kredyt Inkaso S.A., with its registered office in Warsaw, ul. Postępu 21B, hereinafter referred to as the "Company", for the financial year from 1 April 2022 to 31 March 2023, which comprise the standalone income statement and the standalone statement of for the financial year from 1 April 2022 to 31 March 2023, the standalone statement of financial position as of 31 March 2023, the standalone statement of cash flows, the standalone statement of changes in equity, for the financial year then ended, and notes comprising significant accounting policies and other explanatory information.

This report was prepared in the form of an electronic file named JSFKISA2023-03-31, bearing the electronic signatures of the Company's Management Board on 17 July 2023.

The annual financial statements have been prepared using the accounting and financial reporting principles set forth in the International Accounting Standards, International Financial Reporting Standards and related interpretations promulgated as regulations of the European Commission, hereinafter referred to as "EU IFRS".

In our opinion, the attached annual financial statements of Kredyt Inkaso S.A.:

- present a fair and clear picture of the asset and financial situation of the Company as of 31 March 2023, the financial results and cash flows for the for the financial year ending on that date in accordance with applicable EU IFRS and adopted accounting principles (policies),
- comply, in all material respects, as to form and content, with the Regulation of the Minister of Finance of 29 March 2018 on the current and periodic information provided by issuers of securities and the conditions for recognizing as equivalent the information required by the laws of a non-member state, hereinafter referred to as the "Regulation on Current and Periodic Information", the Accounting Act of 29 September 1994, hereinafter referred to as the "Accounting Act", EU IFRS applicable to the preparation of the financial statements for the periods ending 31 March 2023, as well as with the affecting provisions of the Company's Articles of Association,
- were drawn up, with respect to all material aspects, based on duly kept accounting books, in compliance with Chapter 2 of the Accounting Act.

Basis of the opinion

We conducted our audit of the financial statements in accordance with the National Auditing Standards, in the wording of the International Auditing Standards, as adopted by the National Council of Statutory Auditors, hereinafter referred to as the "National Auditing Standards", the Act of 11 May 2017 on Statutory Auditors, Audit Firms and Public Supervision, hereinafter referred to as the "Act on Statutory Auditors", applicable to audits of financial statements prepared for periods ending 31 March 2023, and Regulation (EU) No. 537/2014 of the European Parliament and of the Council of 16 April 2014 on detailed requirements for statutory audits of public-interest entities, repealing Commission Decision 2005/909/EC (Official Journal of the EU L 158 of 27.05.2014, p. 77 and Official Journal of the EU L 170 of 11.06.2014, p. 66), hereinafter referred to as "Regulation 537/2014".

Our responsibility under these standards is described in the section "*Responsibility of the Statutory Auditor for Auditing the Financial Statements*".

We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants (including the International Independence Standards), hereinafter referred to as the "IESBA Code", adopted by the National Council of Statutory Auditors, and with the independence requirements set forth in the Act on Statutory Auditors and Regulation 537/2014. We have also fulfilled our other ethical obligations set forth in the Act on statutory auditors, Regulation 537/2014 and the IESBA Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Key audit matters (issues), including significant risks of material misstatement presented in accordance with the requirements of Regulation 537/2014

The key audit matters are those that, in our professional judgment, were most significant during the audit of the financial statements for the current reporting period. They are distinguished from among:

- a) areas for which we estimated the risk of material misstatement as high,
- b) significant risks of material misstatement,
- c) our significant judgments relating to areas of the financial statements that require significant judgments by the Company's Management Board,
- d) events and transactions that had a significant impact on our audit.



At the same time, Regulation 537/2014 requires us to present in the audit report all the most significant risks of material misstatement, including those that were not a key audit matter for us. Significant risks of material misstatement are risks of material misstatement that we have identified that, in our judgment, require special consideration during the audit.

The key audit matters presented below include all of the most significant risks of material misstatement referred to in Regulation 537/2014 and other matters that we have identified as key audit matters.

We addressed the key audit matters and significant risks of material misstatement in the context of our audit of the annual financial statements as a whole and in forming our opinion thereon, and we are not rendering a separate opinion on them.

Key matters: Valuation of the Company's investment in acquired receivables

Did the key matter pose a significant risk: **YES**

Description of the key matter	How was the case addressed during the survey
<p>The carrying value of investments in purchased receivables accounted for 13.1% of the Company's total assets as of 31 March 2023.</p> <p>The Company recognizes investments in receivables acquired in accordance with IFRS 9 and classifies them as financial assets measured at amortized cost using the effective interest rate.</p> <p>Determination of forecasts of recoveries and, consequently, of the related cash flows is based on a number of assumptions and estimates, in particular with regard to the value of future receipts from collected receivables, the costs of recovery - debt collection and the calculation of the discount rate.</p> <p>We recognized that the reasonableness of the assumptions made in this regard involves a significant inherent risk of error and fraud, and is subject to significant risk due to the high uncertainty associated with the assumed effectiveness of collection activities and the estimated costs of collection. Expectations of economic development and the legal environment affecting the effectiveness of debt collection activities are also an important area of estimation.</p> <p>The principles of classification and valuation of investments in purchased receivables are described in Item: 2.4.6.1; "Financial assets at amortized cost" in the introduction regarding the accounting principles applied by Kredyt Inkaso S.A.</p> <p>Disclosures regarding the Company's investment in acquired receivables are included in Note 14 "Acquired receivables" of the notes to the standalone financial statements.</p>	<p>Responding to the identified risks, we carried out a number of procedures. Below we have described the procedures key to achieving our audit objectives.</p> <p>We have analyzed and evaluated:</p> <ul style="list-style-type: none"> • accounting principles adopted by the Company for the valuation of acquired receivables, • the methodology adopted and applied by the Company for estimating the value of debt portfolios, in terms of its compliance with relevant financial reporting standards and commonly used valuation methodologies, • the reasonableness of the key assumptions made by the Company in estimating the discounted expected cash flows from its debt portfolios by, among other things: <ul style="list-style-type: none"> - analyzing and evaluating debt collection strategies in relation to future cash flow projections, - conducting interviews with employees responsible for key business processes at the Company, particularly enforcement strategies, litigation strategies, settlement strategies, and the analysis and risk area, - checking the degree to which historically accepted assumptions are realized against actual data, - analyzing and evaluating the correctness of the adopted discount rates, analyzing and evaluating the reasonableness of the adopted recovery periods and volumes, - we evaluated controls in the area of purchased receivables and tested the effectiveness of the operation of these controls, - analyzing and evaluating the reasonableness of changes in the expected timing of realized recoveries and the recovery reliability testing. <p>We analyzed and evaluated the adequacy and sufficiency of the disclosures in the annual standalone financial statements.</p>

Other matters

The Company's financial statements for the year ended 31 March 2022 were audited by an auditor acting on behalf of another audit firm, which expressed an unqualified opinion on the statements on 30 June 2022.

Other information included in the annual report

Other information includes financial and non-financial information included in the annual report, other than the financial

statements and audit report. Other information includes, among other things, the report on the Company's activities for the year ended 31 March 2023, together with the statement on corporate governance referred to in Article 49 par. 2a of the Accounting.

Preparation of other information is the responsibility of the Management Board and members of the Supervisory Board of the Company, respectively.

Our opinion on the financial statements does not include this other information and, unless explicitly stated in the section



“Report on other legal and regulatory requirements”, we do not express any form of assurance about this other information. In addition, the scope of our work and the nature of our assurance are exclusively as we describe.

In connection with our audit of the financial statements, it is our responsibility, in accordance with National Auditing Standards, to read other information in performing the audit, to consider whether other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated.

If, based on the work we have done with respect to other information that we obtained prior to the date of this audit report, we determine that there is a material misstatement of such other information, we are required to include such information in the audit report. We have nothing to report in this regard.

Responsibility of the Management Board and Supervisory Board for the financial statements

The Company's Management Board is responsible for the preparation of annual financial statements that present a clear and fair view in accordance with EU IFRS, their compliance with the Company's applicable regulations and the Company's Articles of Association, and the maintenance of the Company's accounts in accordance with the principles set forth in the Accounting Act.

The Company's Management Board is also responsible for such internal control as it deems necessary for the preparation of annual financial statements that are free from material misstatement, whether due to fraud or error.

The Company's Management Board is responsible for assessing the Company's ability to continue as a going concern, disclosing in the financial statements, if applicable, matters related to going concern. In selecting the accounting principles and policies and preparing the financial statements, the Company's Management Board is also responsible for assuming that the Company will continue, for the foreseeable future, to operate in a materially undiminished manner, unless the Company's Management Board intends to liquidate or discontinue the business or if there is no other realistic possibility of continuing the business.

Members of the Supervisory Board are responsible for overseeing the Company's financial reporting process.

Pursuant to the Accounting Act, the Company's Management Board and Supervisory Board members are required to ensure that the annual financial statements meet the requirements provided for in the Accounting Act.

Statutory Auditor's responsibility for the audit of financial statements

The objective of the audit is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue the auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the above indicated standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they

could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Conducting the audit, in accordance with the National Auditing Standards:

- we use professional judgment and maintain professional skepticism, and
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. A risk of failure to identify a misstatement due to fraud or other irregularities is higher than a risk of failure to identify a misstatement due to error because it can also be related to any collusions, falsification, intentional omissions, misleading or bypassing internal control and it may concern each legal and regulatory domain, not only the one having a direct impact on the financial statements,
- gain an understanding of the internal control relevant to the audit in order to design audit procedures that are appropriate under the given circumstances, and not to express an opinion on the Company's internal control;
- we assess the appropriateness of the accounting principles (policy) applied, the legitimacy of accounting estimates and related disclosures made by the Company's Management Board,
- we draw a conclusion on the appropriateness of the Company's Management Board's application of the going concern assumption in applying the adopted accounting policies and, based on the audit evidence gathered, assess whether there is a material uncertainty with respect to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. When we assess that material uncertainty exists, we are required in our audit report either to draw attention to the disclosures in the financial statements regarding this uncertainty or to modify our opinion on the financial statements, if these disclosures are inadequate. Our assessment is based on audit evidence obtained up to the date of our audit report. However, events or conditions may occur in the future that may cause the Company not to continue operations,
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate information related to the audit to the Supervisory Board and the Audit Committee, in particular about the planned scope and time-frame of the audit and the significant findings of the audit, including any significant internal control weaknesses that we identified during the audit.

We have submitted a statement to the Audit Committee that we comply with the applicable ethical requirements for independence and that we will inform the Committee of all relationships and other matters that could reasonably be considered to pose a threat to our independence, and where applicable, we inform of the safeguards in place.

The scope of the audit does not include assurance as to the future profitability of the Company or the efficiency or



effectiveness of the Management Board's current or future operations.

Among the issues referred to the Supervisory Board, we identified those of the largest significance for the audit of the financial statements for the current reporting period. Therefore, we considered them to be issues of key significance to the audit. We describe these matters in our audit report in the section "*Key audit matters (issues) and significant risks of material misstatement presented in accordance with Regulation 537/2014*", except for matters as to which laws or regulations prohibit public disclosure or when, in exceptional circumstances, we determine that the matter should not be presented in our report because the negative consequences could reasonably be expected to outweigh the benefits of such information to the public interest.

Pursuant to the Act on Statutory Auditors, we are also required to include in the audit report an opinion on whether the financial statements comply in form and content with the applicable laws and Articles of Association, and an opinion as to whether it was prepared on the basis of properly maintained accounting records. We formulated opinions in this regard based on the work done during the audit.

Report on other legal and regulatory requirements

Report on the activities

The report on the activities has been prepared together with the consolidated report on the activities of the Kredyt Inkaso S.A. Capital Group as a single document in the form of an electronic file named KISASZzDz2023-03-31, bearing the electronic signatures of the Company's Management Board on 17 July 2023.

Responsibility of the Management Board and Supervisory Board

The Company's Management Board is responsible for drawing up the report in accordance with the law. The Management Board and members of the Supervisory Board of the Company are responsible for ensuring that the report on the activities complies with the requirements of the Accounting Act.

Statutory auditor's responsibility

In accordance with the requirements of the Act on Statutory Auditors and the regulation on current and periodic information, we are required to form an opinion as to whether the report on the activities takes into account the provisions of this regulation and the Accounting Act, and whether it complies with the information contained in the annual financial statements.

In addition, we are required to formulate a statement as to whether, in light of our knowledge of the Company and its environment obtained during the audit, we have identified material misstatements in the report on the activities and, if so, indicate what they consist of.

At the same time, we are required to form an opinion as to whether the corporate governance statement, which is a separate part of the report on the activities, contains certain information indicated in the regulation on current and periodic information, and with respect to certain information indicated in this regulation, whether the information is consistent with

applicable laws and with the information contained in the annual financial statements.

We have reviewed the report on the activities, including with the statement of compliance with corporate governance. We have analyzed whether it contains the information required by the aforementioned laws and regulations and verified that the information contained therein is consistent with the information contained in the annual financial statements. Regarding some of the information contained in the Corporate Governance Statement, we analyzed whether it complies with the law. In reading the report on activities, we have considered, based on our knowledge of the Company and its environment, whether it contains any material misstatements.



Opinion on the report on activities

In our opinion, based on the work performed in connection with the audit of the annual financial statements, the attached report on the activities of Kredyt Inkaso S.A. for the financial year ended 31 March 2023:

- was prepared in accordance with Article 49 of the Accounting Act and section 70 of the Regulation on Current and Periodic Information,
- information presented in this report is consistent with information contained in the audited financial statements.

In light of our knowledge of the Company and its environment obtained during our audit, we found no material misstatements in the report on the Company's activities.

Opinion on the statement of compliance with corporate governance

In our opinion, based on the work performed in connection with the audit of annual financial statements:

- the statement on the application of corporate governance includes the information specified in section 70 par. 6 item 5 of the Regulation on current and periodic information,

- the information indicated in section 70 par. 6 item 5 letters c)-f), h) and i) of this regulation contained in this statement is consistent with the applicable regulations and the information contained in the audited financial statements.

Other information and statements required by Regulation 537/2014

Consistency of opinion on financial statements with supplementary report for the audit committee

Our opinion on the annual financial statements is consistent with the supplementary report for the Audit Committee referred to in Regulation 537/2014.

Selection of audit firm and total uninterrupted contract period

We have been selected to audit the Company's annual financial statements by resolution of the Supervisory Board No. X/5/1/2022 dated 9 August 2022. We have been auditing the Company's financial statements as a public interest entity for the first time.

Services that are not a statutory audit

To the best of our knowledge and belief, we declare that we have not provided services that are not an audit, which are prohibited by the provisions of Article 5 par. 1 of Regulation 537/2014 during the periods indicated therein.

Cezary Bąkiewicz
Statutory auditor No. 12 232

lead statutory auditor conducting the audit
on behalf of PKF Consult Spółka z ograniczoną odpowiedzialnością Sp. k.
audit firm No. 477

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Warsaw, 17 July 2023

