



KREDYT INKASO

Kredyt Inkaso S.A. Capital Group

# Report of the Management Board on the activities of the Capital Group and the Company for a period of 12 months ended **31.03.2023**

Warsaw, 17.07.2023





<b>1. BASIC INFORMATION ABOUT THE CAPITAL GROUP</b>	<b>5</b>
1.1. Legal basis for conducting business activities and organization of the Capital Group	5
1.2. Regulations on the legal status of the Capital Group	6
1.3. History	8
1.4. Organizational and personal links	9
<b>2. STATEMENT OF NON-FINANCIAL INFORMATION</b>	<b>10</b>
2.1. Business model	10
2.2. Market environment	11
2.3. Impact of the regulatory environment on the Group's activities	11
2.3.1. Industry regulations and directly affecting operations	12
2.3.2. Market and public trading regulations	13
2.3.3. Tax regulations	13
2.4. Natural environment, society and corporate governance, or ESG in the Kredyt Inkaso Capital Group	13
2.5. Governance	14
2.5.1. Corporate governance	14
2.5.2. Compliance management system	14
2.5.3. Ethical principles - Code of Ethics	15
2.5.4. Anti-corruption - internal rules	16
2.5.5. Whistleblowing, including a whistleblowing system and the ability to report wrongdoing anonymously	17
2.5.6. Form for reporting irregularities for outsiders (counterparties, suppliers, customers)	17
2.6. Data security and secure processing of personal data	17
2.7. Best Practices	18
2.7.1. Best Practices - Stock Exchange	18
2.7.2. Best practices - Association of Financial Companies in Poland (ZPF)	19
2.8. Employee issues	20
2.8.1. Training and development	22
2.8.2. Occupational Health and Safety	22
2.8.3. Organization and working conditions during and after the COVID-19 pandemic	23
2.8.4. Group's Mission, Vision and Values	23
2.9. Information on environmental issues	24
2.10. Internal control system and risk management system	25
2.11. Taxonomy	41
<b>3. CAPITAL GROUP'S OPERATIONS</b>	<b>49</b>
3.1. Basic economic and financial figures of the Capital Group	49
3.2. Key financial performance indicators related to the Group's operations	50
3.3. Anticipated future proceeds from held portfolios	52
3.4. Differences between financial results reported in the annual statements and previously published forecasts	52
3.5. Current and expected financial situation	52
3.6. Events during the reporting period with a significant impact on the Group's operations and financial results	53
3.6.1. Changes in the Capital Group	53
3.6.2. Share issues and operations on treasury shares	53
3.6.3. Redemption and issuance of bonds	53
3.7. Assessment of factors and events, including those of an unusual nature, with a significant impact on operations and financial statements, including profits made or losses incurred during the financial year	53
3.7.1. Russia's invasion of Ukraine	53
3.8. Information on concluded agreements significant for the activity of the Capital Group, including agreements known to Kredyt Inkaso S.A. concluded between shareholders, insurance, collaboration or cooperation agreements	54



# KREDYT INKASO

3.9. Information on agreements that may result in future changes in the proportions of shares held by existing shareholders and bondholders .....	54
3.10. Management of financial resources and loans taken out .....	54
3.11. Loans granted and sureties and guarantees granted and received, including those granted to related parties .....	55
3.11.1. Collateral for the loan agreement with ING Bank Śląski S.A. ....	55
3.11.2. Collateral for bond issues.....	55
3.12. Ability to implement investment intentions .....	55
3.13. Information about the agreement with the entity authorized to audit the financial statements .....	55
3.14. Predicted development of the Capital Group.....	56
3.14.1. Strategic assumptions of the Capital Group in the following years.....	56
<i>The main objective of the Group's activities, after returning to significant investments in debt portfolios, is to continue their dynamic growth in the coming years, mainly in the Polish, Romanian and Bulgarian markets, and to improve net profitability.....</i>	56
<i>The Group places significant emphasis on transforming its organizational culture and improving the efficiency of its operational processes and further implementing lean methodologies. ....</i>	56
3.14.2. External factors important for the development of the Group.....	57
3.14.3. Internal factors important for the development of the Group.....	57
3.15. Financial risk management objectives and methods adopted by the Group .....	57
3.16. Significant proceedings pending before a court, a competent authority for arbitration proceedings or an administrative authority.....	57
3.16.1. Court and enforcement proceedings.....	57
3.16.2. Tax proceedings.....	59
3.17. Inspection proceedings.....	61
<b>4. STATEMENT ON THE APPLICATION OF CORPORATE GOVERNANCE .....</b>	<b>61</b>
4.1. Indication of the set of corporate governance principles.....	61
4.2. Declaration of application of a set of corporate governance principles .....	61
4.3. Management Board and Supervisory Board .....	62
4.4. General Meeting of Shareholders and relations with shareholders .....	63
4.5. Remuneration .....	63
4.6. Main features of internal control and risk management systems in relation to the process of preparing financial statements.....	63
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 resulting therefrom and their percentage share in the total number of votes at the general meeting. ....	64
4.8. Statement of ownership of the Company's shares or rights to them by the Company's management and supervisory personnel.....	64
4.9. Indication of the holders of any securities that give special control rights, with a description of these rights.....	64
4.10. Indication of any restrictions on the exercise of voting rights.....	64
4.11. Restrictions on transfer of ownership of Kredyt Inkaso S.A. shares. ....	65
4.11.1. Contractual restrictions on trading in the Company's shares and issuance of new shares of the Company .....	65
4.11.2. Lock-up share sale ban agreements and the parties involved. Content of the agreement and exceptions to it. Indication of the period covered by the sales ban.....	65
4.11.3. Description of the rules for the appointment and dismissal of managers and their powers, in particular the right to decide on the issuance or buyback of shares. ....	65
4.12. Description of the rules for amending the Company's Articles of Association or Memorandum of Association.....	65
4.13. The manner of operation of the General Meeting and its basic powers, as well as a description of the rights of shareholders and the manner of exercising them, in particular, the rules arising from the regulations of the General Meeting.....	65
4.13.1. Manner of operation of the General Meeting and its basic powers.....	65
4.13.2. Description of shareholders' rights and how to exercise them.....	67
4.14. Composition of the Company's management, supervisory or administrative bodies and their committees and changes therein during the last financial year, as well as a description of their activities .....	69



# KREDYT INKASO

4.14.1. Management Board.....	69
4.14.2. Description of activities of the Company's Management Board.....	70
4.14.3. Supervisory Board.....	71
4.14.4. Description of the operation of the Supervisory Board.....	71
4.14.5. Audit Committee.....	74
4.14.6. Description of the activities of the Audit Committee.....	74
4.14.7. Changes in the authorities of the Company.....	75
<b>5. POLICY REGARDING SPONSORSHIP, CHARITY OR OTHER SIMILAR ACTIVITIES .....</b>	<b>76</b>
<b>6. OTHER INFORMATION .....</b>	<b>77</b>
6.1. Remuneration of the Group's management and supervisory bodies.....	77
6.1.1. Remuneration of the Management Board.....	77
6.1.2. Remuneration of the Supervisory Board.....	78
6.2. Contracts between Group companies and managers providing for compensation in the event of their resignation or dismissal.....	78
6.3. Transactions with related parties on terms other than market terms .....	78
6.4. Information on credit and loan agreements entered into and terminated during the financial year, stating at least their amount, type and interest rate, currency and maturity date.....	79
6.5. Representations of the Management Board .....	79
<b>7. REPORT ON THE ACTIVITIES OF KREDYT INKASO S.A.....</b>	<b>80</b>
7.1. Basic economic and financial figures of the Company.....	80
7.2. Differences between financial results reported in the annual statements and previously published forecasts .....	81
7.3. Current and expected financial situation .....	81
<b>8. APPROVAL FOR PUBLICATION AND SIGNATURES OF MEMBERS OF THE MANAGEMENT BOARD .....</b>	<b>81</b>

## 1. BASIC INFORMATION ABOUT THE CAPITAL GROUP

### 1.1. Legal basis for conducting business activities and organization of the Capital Group

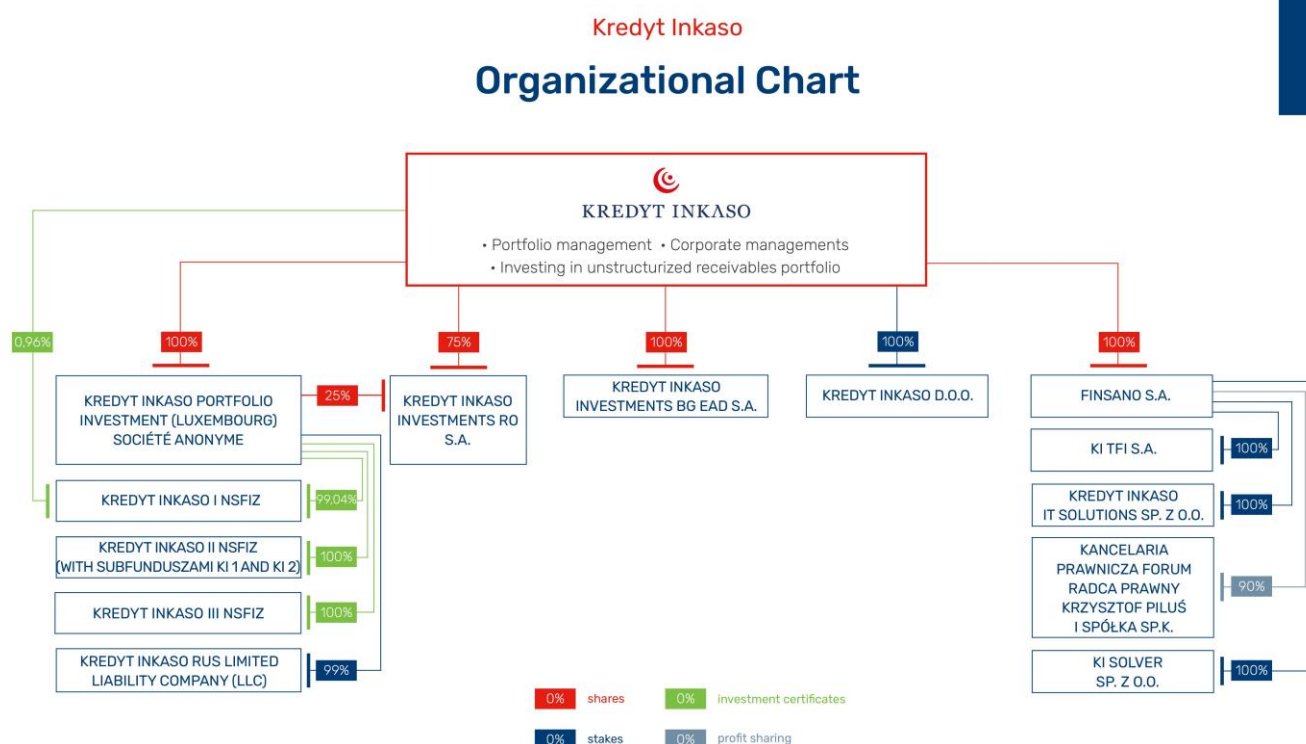
The parent company of the Kredyt Inkaso Capital Group ("Capital Group", "Group") is Kredyt Inkaso S.A. ("Company", "Parent Company") with its registered office in Warsaw, ul. Postępu 21b.

The Company was registered in the Register of Entrepreneurs of the National Court Register under the number KRS 0000270672, based on the decision 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 the transformation of the company Dom Obrotu Wierzytelnościami Kredyt Inkaso spółka z ograniczoną odpowiedzialnością sp. k. into a joint stock company. Dom Obrotu Wierzytelnościami Kredyt Inkaso spółka z ograniczoną odpowiedzialnością sp. k. was registered in the Register of Entrepreneurs of the National Court Register under the number KRS 0000007605, based on the decision of the District Court in Lublin, 11th Commercial Division of the National Court Register of 19 April 2001.

The Parent Company's core activity is the management of securitized debt portfolios acquired by the Group's subsidiaries and by external investment funds whose debt portfolios have been entrusted for management. The Capital Group's entities pursue receivables mainly from individuals, by legal means, they cooperate with Kancelaria Prawnicza FORUM radca prawny Krzysztof Piliś i spółka Sp. k. which is a specialized legal service provider.

Graphic representation of the Capital Group's organizational structure as of 31 March 2023.



On 27 January 2023, the liquidation of Kredyt Inkaso Recovery EOOD, based in Bulgaria was completed.

As of the balance sheet date, the Capital Group consists of Kredyt Inkaso S.A. as the Parent Company and consolidated subsidiaries.



Name of entity	Registered office	Share in share capital	Number of votes	Core activity
Kancelaria Prawnicza FORUM radca prawny Krzysztof Piluś i spółka Sp.k.	Warsaw, Poland	84%	90%	Legal activities
Finsano S.A.	Warsaw, Poland	100%	100%	Holding activities and the acquisition in the course of foreclosures or collection activities of real estate, trading in these properties, their development and commercialization
Kredyt Inkaso IT Solutions Sp. z o.o.	Warsaw, Poland	100%	100%	IT service activities
Kredyt Inkaso Investments RO S.A.	Bucharest, Romania	100%	100%	Investing in debt portfolios, servicing debt assets
Kredyt Inkaso Investments BG EAD S.A.	Sofia, Bulgaria	100%	100%	Investing in debt portfolios, servicing debt assets
Kredyt Inkaso RUS Limited Liability Company (LLC)	Moscow, Russia	99%	99%	Investing in debt portfolios, servicing debt assets
Kredyt Inkaso d.o.o.	Zagreb, Croatia	100%	100%	Investing in debt portfolios, servicing debt assets
Kredyt Inkaso Portfolio Investments (Luxembourg) Société Anonyme	Luxembourg	100%	100%	Investing in debt portfolios, investing in securities carrying risk 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
Kredyt Inkaso III NSFIZ (formerly AGIO Wierzytelności NSFIZ)*	Warsaw, Poland	100%	100%	Investing in debt portfolios
KI Towarzystwo Funduszy Inwestycyjnych S.A.	Warsaw, Poland	100%	100%	Creating and managing investment funds
KI Solver Sp. z o.o. (formerly Advisers Sp. z o.o.)	Warsaw, Poland	100%	100%	Servicing assets in the form of debt claims

\* on 10 February 2023, the name was changed to Kredyt Inkaso III NSFIZ

## 1.2. Regulations on the legal status of the Capital Group

### Kredyt Inkaso S.A.

The legal status of Kredyt Inkaso S.A. is governed by the Commercial Companies Code Act of 15 September 2000 (Journal of Laws of 2022, item 1467, consolidated text, as amended), the Company's Articles of Association (consolidated text of 23 February 2018) and permits and regulations, in particular:

Authorization from the Polish Financial Supervision Authority dated 15 February 2012 for Kredyt Inkaso S.A. to manage securitized receivables of a securitization fund.

Regulations 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 Ordinary General Meeting of 7 July 2008, Resolution No. 19/2009 of the Ordinary General Meeting of 3 July 2009, Resolution No. 19/2011 of the Ordinary General Meeting of 30 September 2011, Resolution No. 20/2018 of the Ordinary General Meeting of 27 September 2018, and Resolution No. 9/2019 of the Ordinary General Meeting of 24 January 2019.

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

Regulations of the Management Board of Kredyt Inkaso S.A. with its registered office in Warsaw dated 7 November 2019, adopted by Resolution No. 1/1/11/2019.

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

Kredyt Inkaso Portfolio Investments (Luxembourg) S.A., with its registered office in Luxembourg, is a public limited company under Luxembourg law (Societe Anonyme) incorporated on 24 August 2010 and registered in the Luxembourg Trade and Companies Register on 17 September 2010 under entry B 155462. The provisions of the Luxembourg securitization law introduced by the Securitization Act of 22 March 2004 apply to this company. This company 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., with registered office in Bucharest, is a joint stock company under Romanian law incorporated on 16 January 2013 and registered in the Commercial Register at the Bucharest District Court on 28 January 2013 under entry J40/978/2013. The company operates on the basis of its Articles of Association dated 24 July 2020. The company is a legal entity governed by Romanian commercial law, which is governed by Commercial Law No. 31/1990 of 16 November 1990. (Journal of Laws 2022, item 1467, as amended).

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

Kredyt Inkaso Investments BG EAD, with registered office in Sofia, is a single-member joint stock company under Bulgarian law, established on 17 January 2013 and registered at the office of the Commercial Register Agency in Sofia on 5 February 2013 under entry 202423225. The company operates on the basis of its Articles of Association dated 4 April 2018. The company is a legal entity governed by Bulgarian commercial law, which is governed by the Commercial Law of 18 June 1991.

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

Kancelaria Prawnicza FORUM radca prawny Krzysztof Piluś i spółka - sp. k. with its registered office in Warsaw was established on 8 November 2001 and subsequently registered on 5 December 2001 in the Register of Entrepreneurs of the National Court Register under KRS number 0000067134. Kancelaria Prawnicza FORUM operates on the basis of the provisions of the Commercial Companies Code of 15 September 2000 (Journal of Laws of 2022, item 1467, as amended) and the provisions of the Articles of Association. As of the Approval Date, Finsano S.A. is entitled to 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 subsequently registered by the District Court in Warsaw, 7th Civil Registry Division, Register of Investment Funds on 31 October 2006 under number RFI 259. The Fund operates on the basis of the Investment Funds Act of 27 May 2004 (Journal of Laws of 2023, item 681, as amended) and on the basis of the 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 subsequently registered by the District Court in Warsaw, 7th Civil Registry Division, Register of Investment Funds on 1 March 2012 under number RFI 713. The Fund operates on the basis of the Investment Funds Act of 27 May 2004 (Journal of Laws of 2023, item 681, as amended) and on the basis of the Articles of Association of 23 February 2012, as amended.

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

Kredyt Inkaso III Niestandaryzowany Sekurytyzacyjny Fundusz Inwestycyjny Zamknięty was established on 23 February 2012 and subsequently registered by the District Court in Warsaw, 7th Civil Registry Division, Register of Investment Funds on 1 March 2012 under number RFI 713. The Fund operates on the basis of the Investment Funds Act of 27 May 2004 (Journal of Laws of 2023, item 681, as amended).

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

Finsano S.A. operates on the basis of the provisions of the Commercial Companies Code of 15 September 2000 (Journal of Laws of 2022, item 1467, consolidated text, as amended) and the Company's Articles of Association of 8 April 2020. The Company was registered in the Register of Entrepreneurs of the National Court Register on 31 March 2016 under the number 0000608311.

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

Kredyt Inkaso IT Solutions sp. z o.o. with registered office in Warsaw (until 21 June 2021 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 (Journal of Laws of 2022, item 1467 consolidated text, as amended), the Company's Articles of Association of 29 October 2012 (consolidated text of 14 June 2019). The company was registered in the Register of Entrepreneurs of the National Court Register on 3 January 2013 under the number 0000446355.

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

Kredyt Inkaso RUS Limited Liability Company (LLC) with registered office in the business center Sheremetyevo-2 Airport, 141402, Moscow Oblast, Khimki City District, is a limited liability company under Russian law, established on 26 September 2013 and registered in the State Register of Entrepreneurs of the Federation of Russia in Moscow on 26 September 2003 under entry 1035006495171. The company operates on the basis of its Articles of Association of 19 September 2003.

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

Kredyt Inkaso d.o.o. with registered office in Zagreb, is a single-member limited liability company incorporated under Croatian law on 28 August 2015 and registered in the Court Register of the Zagreb Commercial Court on 18 September 2015 under entry 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 (Journal of Laws of 2022, item 1467, consolidated text, as amended), the Investment Funds Act of 27 May 2004 (Journal of Laws of 2023, item 681, consolidated text, as amended) and the Articles of Association of 4 October 2021. The Company is registered in the Register of Entrepreneurs of the National Court Register under the number 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 (Journal of Laws of 2022, item 1467, consolidated text, as amended), the Investment Funds Act of 27 May 2004 (Journal of Laws of 2023, item 681, consolidated text, as amended) and the Articles of Association, consolidated text of 2 November 2021. The Company is registered in the Register of Entrepreneurs of the National Court Register under the number 0000854233.

## 1.3. History

The Company began its operations in 2001 as Dom Obrotu Wierzytelnościami. The following are the most important events in the development of the Parent Company and the Group.

<b>2001</b>	a. Dom Obrotu Wierzytelnościami (hereinafter referred to as "Debt Trading House"), is established in Zamość on 29 December 2000
	b. acquisition by the Debt Trading House of the first portfolio of receivables from a telecommunications operator
<b>2005</b>	c. opening of Debt Trading House's office in Warsaw
<b>2006</b>	d. decision on transformation of Kredyt Inkaso into a joint stock company is taken
<b>2007</b>	e. debut of the Company's shares on the regulated market of the Warsaw Stock Exchange
<b>2010</b>	f. Kancelaria Prawnicza FORUM, with which Kredyt Inkaso has cooperated for many years, is incorporated into the structures of the Capital Group
	g. The law firm obtains Poland's first payment order in electronic writ of payment proceedings
<b>2012</b>	h. Group's launch of operations in foreign markets - Romania, Bulgaria and Russia
<b>2013</b>	i. Company's acquisition of the first portfolio of bank mortgage receivables
<b>2015</b>	j. commencement of operations in another foreign market - Croatia
<b>2016</b>	k. investment is made in the company by a new investor - Waterland Group
<b>2017</b>	l. establishment by the Company of an annual program of public bond issues
<b>2018</b>	m. Maciej Szymański becomes the President of the Management Board
<b>2020</b>	n. Barbara Rudziks becomes Vice-President of the Management Board
	o. launch a program of organizational transformation and change of organizational culture
<b>2021</b>	p. The Management Board of Kredyt Inkaso consists of: Maciej Szymański, Barbara Rudziks, Iwona Stomska and Tomasz Kuciel. Thus, the Management Board reaches a gender balance of 2:2
	q. approval by the PFSA of the prospectus for the Bond Issue Program up to PLN 150 million
<b>2022</b>	r. Changes in the Management Board - Barbara Rudziks takes over as the President of the Management Board, Mateusz Boguta becomes CFO
<b>2023</b>	s. approval by the PFSA of the prospectus for the Bond Issue Program up to PLN 100 million
	t. start of review of strategic options



## 1.4. Organizational and personal links

### **Affiliation with Kancelaria Prawnicza FORUM radca prawny Krzysztof Piliś i spółka - spółka komandytowa in Warsaw**

As of the Approval Date, the limited partner in Kancelaria Prawnicza FORUM radca prawny Krzysztof Piliś i spółka - sp. k. in Warsaw, who 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 partners, who are each entitled to 5% of the total number of votes, are legal counsel Krzysztof Piliś and legal counsel Mateusz Garbula.

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

Pursuant to the Company's Articles of Association, the management of the Company's affairs was entrusted to the general partners. The general partners, without prejudice to Article 38 of the Companies Act, conduct all affairs of the Company, except for matters requiring a resolution of the shareholders in accordance with the Articles of Association, and except for matters relating to activities in which the action of a legal counsel or attorney is required.

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

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

The body authorized to represent and conduct the affairs of the company is the Management Board, which, as of the Approval Date, consists of:

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

As of the Approval Date, the Supervisory Board consists of Mateusz Boguta (member of the Management Board of Kredyt Inkaso S.A.), Andrzej Bąk (associate and proxy of Kredyt Inkaso S.A.) and Rafał Skiba (associate of Kredyt Inkaso S.A.).

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

As of the Approval Date, the shareholder holding 100% of the shares in Kredyt Inkaso IT Solutions Sp. z o.o. was a wholly owned subsidiary of Kredyt Inkaso S.A., Finsano S.A.

The body authorized to represent and conduct the affairs of the company is the Management Board, which, as of the Approval Date, consists of:

- Mateusz Boguta 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 of the Approval Date, the shareholder holding 100% of the shares in KI Solver Sp. z o.o. is a wholly owned subsidiary of Kredyt Inkaso S.A., Finsano S.A.

As of the Approval Date, the Management Board consists of Iwona Słomska as a Member of the Management Board (Vice-President of the Management Board of Kredyt Inkaso S.A.) and Mariusz Gryglicki as a Member of the Management Board (associate of Kredyt Inkaso S.A.).

As of the Approval Date, the Supervisory Board consists of Maciej Szymański, Barbara Rudziks and Mateusz Boguta.

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

As of the Approval Date, the shareholder holding 100% of the shares in KI Towarzystwo Funduszy Inwestycyjnych S.A. is a wholly owned subsidiary of Kredyt Inkaso S.A., i.e. Finsano S.A.

As of the Approval Date, the Management Board consists of Aneta Ćwik as President of the Management Board (employee of Kredyt Inkaso S.A.), Paweł Skiba as Member of the Management Board and Olgierd Chodyniecki as Member of the Management Board.

As of the Approval Date, the Supervisory Board consists of Krzysztof Stupnicki, Wojciech Kryński and Katarzyna Raczkiewicz.

## Other affiliations

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

- Cristian Talpau,
- Mateusz Boguta (at the same time member of the Management Board of Kredyt Inkaso S.A.).
- Andrzej Bąk (at the same time an associate and proxy of Kredyt Inkaso S.A.).

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

- Zornitsa Dimitrova,
- Mariusz Gryglicki (at the same time an associate of Kredyt Inkaso S.A.),
- Andrzej Bąk (at the same time an associate and proxy of Kredyt Inkaso S.A.).

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

- Mariusz Gryglicki (at the same time an associate of Kredyt Inkaso S.A.), and
- Mateusz Boguta (at the same time member of the Management Board of Kredyt Inkaso S.A.).

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

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

As of the Approval 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 Vice-President of the Management Board of Kredyt Inkaso S.A.),
- Jacek Wolak - Class B Director, and
- Daria Lisouskaya - Class B Director.

## 2. STATEMENT OF NON-FINANCIAL INFORMATION

### 2.1. Business model

The Capital Group's activities are based on a proven business model:

- Acquisition and management of debt portfolios by the Group for its own account. The collection of receivables from acquired debt portfolios is carried out for own account and at own risk of Group entities. The Group acquires debt packages mainly from the banking, lending, telecommunications and insurance sectors.
- Management of securitized assets of non-standardized closed-end securitization investment funds is a regulated activity, carried out on the basis of a permit from the PFSA, issued in accordance with the provisions of the Act on Closed-end Investment Funds and Management of Alternative Investment Funds;
- Management by order (collection) - the process involves managing receivables at every stage of the arrears progression, from monitoring reminding of the upcoming or just-matured due date, through negotiation of debt repayment at the amicable stage, ending with the referral of cases to court and enforcement proceedings.

The largest institutional clients from whom the Group bought debt portfolios in the last financial year included the largest companies in the telecommunications industry and a leading loan company.

When creating a strategy for the recovery of a particular debt or a group of similar debts, the Group establishes a segment and strategy for the debt package on the basis of the characteristics of the debtor and the debt on the assumption of maximizing the security of the fund's interests, seeking to ensure maximum revenue from the debt, optimizing management costs, taking into account the applicable legal, technical and organizational conditions.

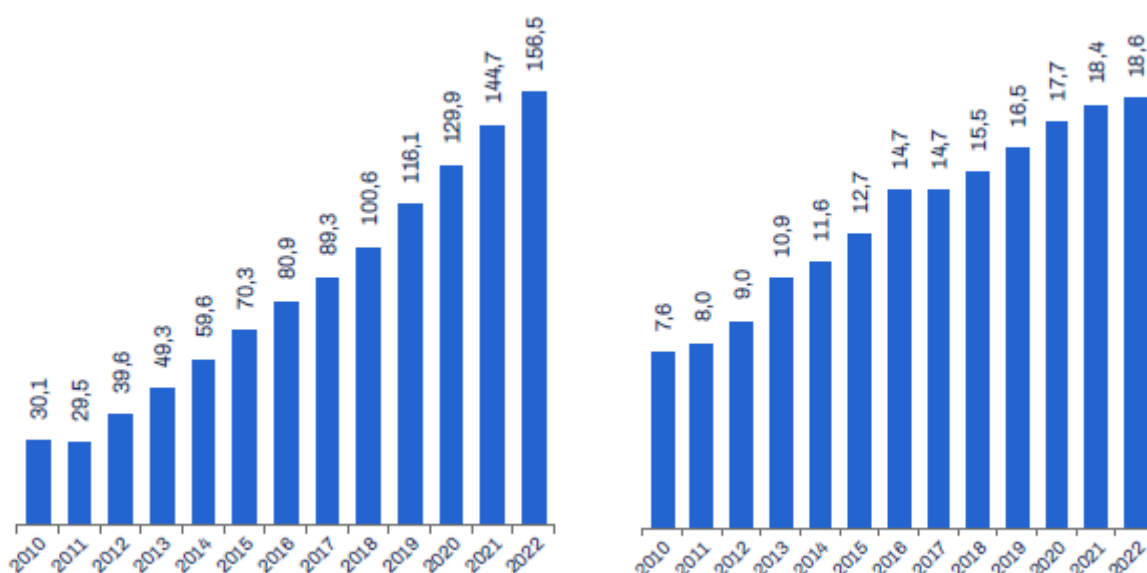
The advantage of the Group's operations is the optimization of the debt collection process so that it is both cost- and revenue-effective. Optimization of operations for individual portfolios and even individual receivables is possible through the use of:

- advanced and constantly improved statistical models that define the most effective collection path;
- advanced information systems, including those using robotics and automation;
- lean methodology for all key operational processes in the Group;
- advanced data analytics and a systems approach to data quality management;
- tools and customer-oriented activities (self-service portal, marketing campaigns, personalized products and settlements).

## 2.2. Market environment

According to data presented by the Association of Financial Companies in Poland ("ZPF"), as of the end of December 2022, the total nominal value of serviced receivables managed by ZPF members in the Polish market amounted to PLN 156.5 billion.

The charts below show the value of receivables handled in billions of zlotys (left) and the number of receivables handled in millions (right) in Poland over the last few years



Source: Report Q4 2022, Size of the Polish receivables market, Association of Financial Companies in Poland. <https://zpf.pl/wielkosc-polskiego-ryнку-wierzytelności/>

The estimated supply of debt portfolios for 2023 is at a similar level to 2022. Only in the next few years is the supply of debt portfolios expected to increase, especially from the banking sector. Receivables from the banking, telecommunications and lending sectors continue to be the main contributors to the market. Most acquisitions of debt portfolios are carried out by specialized funds that are supervised by state institutions, including, among others, Polish Financial Supervision Authority and Personal Data Protection Office.

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

The Group's activities in each jurisdiction in which it is present and involved in the trading and debt management market are affected by changes in laws from the area:

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

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

### 2.3.1. Industry regulations and directly affecting operations

Significant recent regulatory changes affecting the Group's activities include during the reporting period:

- ordinance of the Minister of Health of 12 May 2022 on the cancellation of the state of epidemics in the territory of the Republic of Poland (Journal of Laws of 2022, item 1027) with effect from the date of publication.
- Act of 4 November 2022 on amendments to the Act on Consumer Rights, the Act - Civil Code and the Act - Private International Law (Journal of Laws of 2022, item 2337) - reducing the deadline for responding to consumer complaints to 14 days (from 30 days).

Regulations affecting the operations of the Kredyt Inkaso Capital Group:

- Act of 23 April 1964, Civil Code (Journal of Laws of 2022, item 1360, as amended), in particular the provisions governing the transfer of receivables, Articles 509 - 518. According to 509 sec. 1 of the Civil Code, a creditor may, without the consent of the debtor, 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.
- The Act of 17 November 1964, Code of Civil Procedure (Journal of Laws of 2021, item 1805, as amended), which regulates the process of judicial recovery of debts from debtors and enforcement proceedings.
- The Act on Bailiffs and Enforcement of 22 March 2018 (Journal of Laws of 2023, item 590, consolidated text, as amended), detailing how bailiffs operate and the fees for bailiff activities.
- The Act of 28 July 2005 on Court Costs in Civil Cases (Journal of Laws of 2022, item 1125, 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 is 5% of that value, or 1.25% in electronic writ of payment proceedings, or a fixed amount.
- The Act of 28 February 2018 on bailiffs' costs (Journal of Laws of 2021, item 210, as amended), regulating the amount of bailiffs' costs and the rules for their payment, as well as the procedure for dealing with such costs.
- Act of 10 May 2018 on the protection of personal data (Journal of Laws of 2019, item 1781, consolidated text) governing the processing of personal data.
- The Act of 27 May 2004 on investment funds and management of alternative investment funds (Journal of Laws of 2023, item 681, as amended), pursuant to which we received a permit from the Polish Financial Supervision Authority in February 2012 to manage securitized receivables of a securitization fund, and we execute it.
- Banking Law of 29 August 1997 (Journal of Laws of 2022, item 2324, as amended) in connection with the acquisition of receivables from the banking sector.
- Act of 28 February 2003 Bankruptcy Law (Journal of Laws of 2022, item 1520, as amended),
- Act of 16 February 2007 on competition and consumer protection (Journal of Laws of 2021, item 275, consolidated text, as amended), defining, in particular, the behavior of entrepreneurs considered to be practices that violate the collective interests of consumers and the procedure to be followed in such cases.
- Act of 15 May 2015 Restructuring Law (Journal of Laws of 2022, item 2309, consolidated text)
- Act of 12 May 2011 on consumer credit (Journal of Laws of 2022, item 246, as amended)
- Act of 9 April 2010 on sharing of business information and exchange of business data (Journal of Laws of 2023, item 528, consolidated text)
- Act of 17 December 1998 on pensions from the Social Insurance Fund (Journal of Laws of 2022, item 504, as amended).
- Act of 14 February 1991 Law on Notary Public (Journal of Laws of 2022, item 799, consolidated text)
- Act of 26 June 1974 Labor Code (Journal of Laws of 2022, item 1510, consolidated text, as amended)
- Act of 10 October 2002 on the minimum wage (Journal of Laws of 2020, item 146, consolidated text)
- Act of 6 July 1982 on Land Registers and Mortgages (Journal of Laws of 2023, item 2204, as amended)
- 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), (Official Journal of the EU L 119 of 4 May 2016).

- provisions of the Luxembourg securitization law introduced by the Securitization Act of 22 March 2004, with respect to the subsidiary Kredyt Inkaso Portfolio Investments (Luxembourg) Société Anonyme, based in Luxembourg.
- provisions of the Act of 4 February 1994 on Copyright and Related Rights (Journal of Laws of 2022, item 2509, consolidated text), defining the principles of transfer of economic copyrights and granting licenses with respect to the subsidiary Kredyt Inkaso IT Solutions sp. z o.o. (formerly: Legal Process Administration sp. z o.o.) with registered office in Warsaw, whose operations are related to the provision of IT services and management of computer software and IT equipment.
- in addition, the Group operates in foreign markets in the Romanian, Bulgarian, Croatian and Russian jurisdictions, where individual subsidiaries are engaged in business activities in the area of debt acquisition and debt collection services and are fully subject to Romanian, Bulgarian, Croatian and Russian commercial law, among others.

### 2.3.2. Market and public trading regulations

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

- Act of 29 July 2005 on trading in financial instruments (Journal of Laws 2023, item 646, consolidated text).
- Act of 29 July 2005 on public offering and the conditions for introducing financial instruments to the organized trading system and on public companies (Journal of Laws of 2022, item 2554, consolidated text, as amended).
- 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 (Official Journal of the EU L 173, 12.06.2014) and the Regulation of the Minister of Finance of 29 March 2018 on current and periodic information provided by issuers of securities and conditions for recognizing as equivalent information required by the laws of a non-member state (consolidated text, Official Journal of 2018, item 757) regulating the fulfilment of reporting obligations with respect to capital market institutions.
- Act of 15 January 2015 on bonds (Journal of Laws of 2022, item 2244, consolidated text, as amended).

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

### 2.3.3. Tax regulations

Tax regulations of significant importance to Kredyt Inkaso S.A.'s operations include:

- Corporate Income Tax Act of 15 February 1992 (Journal of Laws of 2022, item 2587, consolidated text, 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 income (revenue) other than from capital gains - for taxpayers in fulfillment of the conditions set forth in Article 19 of this Act.
- Act of 11 March 2004 on goods and services tax (Journal of Laws of 2022, item 931, consolidated text, as amended). The basic VAT rate is 23%, other than the basic rate are - 8%, 7%, 5%, 4%, 0%, in addition, some goods and services enjoy tax exemption.
- Act of 16 November 2006 on stamp duty (Journal of Laws of 2022, item 2142, consolidated text, as amended) regulating the amount of stamp duty on the filing of a power of attorney for litigation, which is PLN 17.00 on the filing of a document stating the granting of a power of attorney or proxy, as well as an excerpt, extract or copy thereof - for each power of attorney (proxy) relationship.
- Act of 9 September 2000 on tax on civil law transactions (Journal of Laws of 2023, item 170, consolidated text, as amended), regulating the amount of tax on a partnership agreement, the tax rate of which is currently 0.5% of the tax base.

## 2.4. Natural environment, society and corporate governance, or ESG in the Kredyt Inkaso Capital Group

Sustainable development and ESG activities, i.e. Environmental, Social and Corporate Governance) are playing an increasingly important role in the Group. The Group engages itself in further ventures in this area with the conviction that they make deep sense and should produce tangible results that are consistent and relevant to its business profile. The key activities in each area are as follows:



- natural environment - we monitor our carbon footprint, energy consumption, and follow the rules related to the disposal of used electronic equipment (more on this topic: 2.10. Information on environmental issues),
- society:
  - a. customers - we build stable and long-term relationships with our customers based on respect for their rights and understanding of their living situation, and we are also engaged in educational activities: advising those struggling with over-indebtedness and promoting a frugal way of life. Compendiums of knowledge, practical advice, interesting and useful information for people who want to get out of the debt spiral and for those who are looking for new and effective ways to avoid debt are posted on the website and social media of Kredyt Inkaso and its subsidiaries.
  - b. employees - we believe that the key to business success is the diversity of our team. We are building a friendly and inclusive work environment where everyone - regardless of gender, age, sexual orientation, nationality, health status, religion or beliefs - just feels good. Kredyt Inkaso's four-member Management Board includes two women and two men. There is a similar balance of director and managerial positions in the company's dozens of executives. However, regardless of whether this applies to women or men - we provide equal opportunities for everyone to develop (more on this topic: 2.8. Employee issues).
- corporate governance - we operate in accordance with applicable laws and regulations with the highest ethical standards, which is reflected, among other things, in our Code of Ethics. We are also guided by the Principles of Best Practices of Listed Companies 2021, as well as Best Practices of the Association of Financial Companies in Poland. We act in accordance with the Mission, Vision and Values of Kredyt Inkaso Capital Group, which for us are not an empty slogan, but a system of values and a way of acting in which we truly believe, and which - as the Group and its team members - we want to follow on a daily basis. (read more: 2.7. Best practices, 2.8. Employee issues).

## 2.5. Governance

### 2.5.1. Corporate governance

The Kredyt Inkaso Capital Group has legally compliant, transparent and effective internal governance. It is defined by the Articles of Association of Kredyt Inkaso S.A. and the system of internal regulations, in particular:

- a. Company's management and organization system,
- b. rules of operation of the Company's internal bodies (Supervisory Board, Management Board) and persons performing key functions,
- c. standards of conduct and management of conflicts of interest,
- d. compliance management system,
- e. the risk management system
- f. internal control system,
- g. ethical principles operating in the Group in the form of a Code of Ethics.

### 2.5.2. Compliance management system

The Group has established a separate and independent organizational unit competent for compliance and has adopted a number of internal regulations on anti-corruption, conflict of interest management, ethical principles and an internal notification (whistleblowing) system, among others, the rules concerning:

- identification of potential corruption risks, their assessment, monitoring, control,
- response to the occurrence of corruption events,
- countering the emergence of conflicts of interest, including in the area of anti-corruption activities,
- giving and accepting gifts in business relationships,
- whistleblowing and abuse and whistleblower protection,
- responsibility for failure to comply with internal regulations in this area.

In its operations, the Group aims to build a strong anti-corruption culture, and as a result, the Management Board of Kredyt Inkaso S.A. has adopted internal regulations on anti-corruption for use. They represent the Group's standards of behavior, based on ethical, honest and responsible business principles, in compliance with laws and market standards. The Company is absolutely opposed to any form of fraud and corruption, as reflected in the content of the Policy and the anti-corruption clauses used in contracts with counterparties and suppliers. The Management Board ensures that the Group's corruption risk

management system functions effectively, that it is continuously improved and subject to periodic review. The main role in the process of countering the risk of corruption has been assigned to the Compliance Officer.

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 purpose of which is to prevent conflicts of interest, their identification, monitoring and management of conflicts in the event of their occurrence, as well as to ensure acting in a reliable, transparent and professional manner, in accordance with the principles of fair trading throughout the Capital Group. The Group's conflict of interest management process is coordinated by the Compliance Officer.

### 2.5.3. Ethical principles - Code of Ethics

The Code of Ethics is a set of rules of conduct, based on general moral standards and compliant 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, counterparties and customers/debtors.

The Code of Ethics is a key element of the Group's organizational culture and a tool to support the dissemination and implementation of the values by which all employees/associates should act.

Clear and transparent norms of conduct foster a positive work atmosphere, influence relations between employees/associates and the degree to which they identify with the Group's values. At the same time, adherence to the Code of Ethics in business operations is one of the most important factors in building trust and maintaining the Group's desirable reputation in the market.

The adopted principles form the basis of the Group's joint activities for the benefit of its employees/associates and Stakeholders. They create the Group's image and set it apart from its competitors.

The Capital Group adopts the following ethical ideals, which coincide with the values of the Kredyt Inkaso Capital Group.

- 1) **Ethics in action:** Business ethics apply to all relationships that occur between employees/associates, employees/associates and debtors, and employees/associates and counterparties. Ethical actions are those that comply with the law, as well as social norms. Ethical actions can reduce the number of conflicts that may arise throughout business operations. Ethical business operations consist of many factors, including:
  - a) willingness to change and to back out of wrong decisions and to take responsibility for the resulting damage,
  - b) transparency, i.e. sharing information on decisions and activities related to those aspects of the Kredyt Inkaso Capital Group's operations that affect stakeholders,
  - c) taking decisions and actions with honesty, integrity, credibility, and without accepting or giving illegal benefits,
  - d) mutual respect towards our team members, investors, customers and business partners, and relying on close cooperation and attention to benefits for all parties (Corporate Value: **First of all, people**).
- 2) **Reputation:** Reputation is an important asset for the organization and for the environment in which the Group operates. Hence, it is crucial to the Group's development and is a value in itself. By constantly striving to achieve the highest standards of credibility, reliability, trust and responsibility, we are building the Group's reputation. This is because we are aware that the process of building and managing reputation is one of the key factors contributing to success. By investing in reputation, we build trust in the company as a participant in the financial market and create value for the Group among stakeholders. In this sense, reputation is a social mandate for us to function and grow.
- 3) **Target Orientation:** We consistently strive for our goal. We are clear about our direction - we want to be the best at what we do, while focusing on finding simple and beneficial solutions for our customers and our business. We strive for the best possible results and avoid inefficiencies, knowing (value: **Straight to the Goal**) that the results of our work often determine the results of others. We combine the achievement of professional goals with the personal goals of each of us - we grow together with our company.
- 4) **Professionalism:** By building teams, we create a team of specialists in their fields. The high qualifications and skills of our employees/associates are the capital that allows us to efficiently achieve our business goals. We train employees in both industry and product knowledge, as well as interpersonal skills.
- 5) **Compliance with the Law:** We comply with applicable regulations and laws in our operations. As an employer, we ensure compliance with the Labor Code by educating managers on an ongoing basis. In addition to the highest ethical standards, we want our employees/associates to give the guarantee of full compliance with the letter of the law.

- 6) **Honesty:** We act honestly and prudently, respecting the legitimate interests of counterparties, suppliers, customers, debtors and the good of the debt trading market.
- 7) **Internal relations:** We take care to form proper relations with employees/associates in the spirit of mutual respect and responsibility, provide appropriate conditions for the performance of professional activities.
- 8) **Activities for market development:** We cooperate with other entities in promoting good market practices and the Standards of Conduct and, as far as possible, eliminate activities that violate the principles of the *Best Practices of Companies Listed on the WSE, Best Practices of the Association of Financial Companies in Poland*, and other activities that are unfair, dishonest or inconsistent with the Standards of Conduct. We strive to be ready for the future by ensuring the continuous progress of our organization, quickly and flexibly implementing innovative solutions (value: **Ready for the Future**).

## 2.5.4. Anti-corruption - internal rules

The Group is taking steps to maintain compliance with the *Standards recommended for the system of compliance management in the area of anti-corruption and whistleblower protection system for companies listed on markets organized by the Warsaw Stock Exchange*.

Regulations for corruption risk management have been implemented in the Kredyt Inkaso Capital Group. The purpose of the Regulations is to establish standards of behavior based on ethical, honest and responsible business principles, in compliance with laws and market standards. These rules are addressed to employees, associates, suppliers, counterparties.

Within the framework of the corruption risk management system, the Capital Group places special emphasis on shaping the right ethical and moral attitudes and building the awareness of employees and associates at all levels of the organizational structure, through training, motivational systems, internal communication, building the organization's culture, etc. Hence, these Regulations are closely related to other internal regulations, including, in particular, the Regulations on Compliance Risk Management, the Regulations on Conflict of Interest Management, the Regulations on the Internal Whistleblowing System and the Code of Ethics in the Kredyt Inkaso Capital Group.

The principles guiding the Group's operations are aimed at building a strong anti-corruption culture, in which offering, promising, giving, accepting or soliciting undue benefits (financial or non-financial) is unacceptable.

The Group guarantees that no employee/associate will be punished, dismissed, demoted, suspended, transferred or discriminated against for: refusing to engage in unlawful conduct, even if such refusal results in negative consequences for the Group's business, and for reporting in good faith violations of anti-corruption rules and regulations and these Regulations.

As part of an anti-corruption culture, the responsibility for anti-corruption lies with everyone, starting with the Supervisory Board, which:

- oversees the implementation and operation of the corruption risk management system,
- evaluates the effectiveness and adequacy of the implemented anti-corruption solutions.

As part of the corruption risk management system, the Management Board ensures, among other things:

- that the corruption risk management system functions effectively in the Kredyt Inkaso Capital Group, is verified, improved and subject to regular review,
- that this system is integrated with processes functioning in the Kredyt Inkaso Capital Group,
- that adequate human and financial resources are deployed to enable effective operation of the system.

As part of the Company's organizational structure, the function of Compliance Officer has been separated and that he has been assigned duties related to corruption risk management. The Compliance Officer, among other things:

- supervises, implements and coordinates the implementation of anti-corruption measures resulting from the adopted internal regulations,
- performs identification, assessment, monitoring and control of corruption risks in the Kredyt Inkaso Capital Group,
- conducts/recommends training on anti-corruption and corruption prevention,
- provides advice and guidance to Employees on the operation of the system for managing corruption risks and factors related to corruption.

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

### 2.5.5. Whistleblowing, including a whistleblowing system and the ability to report wrongdoing anonymously

The Kredyt Inkaso Capital Group has a system for reporting (including anonymous) irregularities. The internal regulation in force in this regard is applicable to all activities undertaken in the performance of official duties by organizational units and employees/associates. The Regulations give whistleblowers the opportunity to file a notice of the existence or possibility of irregularities in a manner independent of all other ways described in other internal regulations.

Internal notification system (whistleblowing) means the process by which any employee, associate or counterparty, supplier, customer, bidder may make a good faith disclosure of workplace/company practices that they reasonably suspect meet the criteria of **"Irregularity"** understood as *any manifestations of violations of laws, internal regulations, accepted standards and rules, undesirable actions and omissions, except for manifestations of mobbing and discrimination, for which detailed rules are described in the "Procedure for Countering Mobbing and Discrimination in Employment"*. For this purpose, he/she informs the designated person in the Company, who, as a result of the powers granted to him/her, has the ability to take effective action to clarify the reported irregularities, stop them and correct them.

Any notification is presumed to be made in good faith, i.e., the whistleblower acts in a proper manner without acting for the purpose of gaining an advantage, whether the doubt is justified or not.

It is forbidden for other employees to take any retaliatory measures against the whistleblower, as well as the employee or associate against whom the notification was made. At the same time, full protection of employees' rights under the Work Regulations of Kredyt Inkaso S.A. is maintained.

If the whistleblower, as well as the employee against whom the notification was made, assesses that he or she is subject to retaliation in connection with the notification, he or she has the opportunity to report this in accordance with the rules set forth in the Regulations. In such a case, a separate investigation is initiated each time, in accordance with the rules set forth in the Regulations. In the case of retaliation bearing the hallmarks of mobbing or discrimination, the "Procedure for Countering Mobbing and Discrimination in Employment" sets forth detailed rules of conduct.

All notifications are managed with confidentiality and anonymity. The Company, respecting the right to privacy, agrees not to knowingly disclose any information that would identify the whistleblower without the whistleblower's express consent.

### 2.5.6. Form for reporting irregularities for outsiders (counterparties, suppliers, customers)

In order to make it easier for counterparties, suppliers, bidders, customers and other stakeholders to make notifications of irregularities and corruption incidents, a "Whistleblower Form" (hereinafter "Form") has been made available on the Kredyt Inkaso website. The message sent via the form goes directly to the people designated to handle such requests.

Through the communication channel provided, it is possible to report any violations of laws, internal regulations, accepted standards and rules, undesirable actions and omissions. In particular, these are any violations that are of a long-lasting nature and are related to a conscious and intentional act.

An irregularity is also a corrupt event, that is, offering, promising, giving, accepting or soliciting an undue advantage of any value (financial or non-financial), directly or indirectly, regardless of location, in violation of applicable law, internal regulations or an agreement with Group companies as an inducement or reward to a person acting or refraining from acting.

All notifications can be made anonymously. The Company does not collect any information about the whistleblower (e.g. IP address, location, cookies, etc.).

## 2.6. Data security and secure processing of personal data

For companies in the debt management business, effective data protection is a basic requirement for credibility. In the Group, this area is governed by the Security Policy for the Protection of Personal Data, created on the basis of the EU's General Data Protection Regulation (GDPR).

In the course of acquiring own debt packages or carrying out debt collection activities on behalf of business counterparties, particularly investment funds, we feel obliged to ensure the utmost care in the processing of personal data. Our goal is to select appropriate technical and organizational measures so that the activities we undertake ensure the security of personal data, including their confidentiality, integrity and availability. In addition, the implemented policies, procedures, rules are

designed to ensure the right to privacy of debtors, the right to protection of personal data, and to respect the rights under the General Data Protection Regulation.

We have implemented a risk management system to reduce the likelihood of accidental or unlawful processing of personal data. The incident management process provides us with immediate verification of a potential violation, including decision-making and implementation of corrective, adjusting actions to prevent similar cases in the future.

Properly functioning processing of personal data is greatly influenced by employees, so we constantly take care of the extent of their knowledge and awareness of risks. To this end, each newly hired employee is required to be trained and acquainted with the functioning principles of personal data processing before starting their duties. In addition, we have developed a series of training courses to remind people of the rules, procedures to ensure the security of personal data. The data protection officer's team conducts systematic functional audits and verifies compliance with obligations under internal regulations as well as those under the General Data Protection Regulation. Particularly important to us are the rights of indebted persons, which is why we constantly monitor the timeliness and quality of responses to requests from indebted persons. Responses to requests received are provided in a manner that explains the actions taken, the validity of the claim and how personal data are processed.

In cases pending before the Office for Personal Data Protection in connection with complaints from debtors, we remain available to the authority. We provide explanations within the time limit, provide the necessary documentation to facilitate the authority's decision. High care and attention to the data processing process effectively prevents irregularities, as reflected in the completed proceedings before the authority. Group companies have so far not received a financial penalty for violating the General Data Protection Regulation or any other sanction imposed by a supervisory authority. A high standard of care in the processing of personal data and effective handling of complaints and requests from debtors leads to a stable situation in the number of new complaint proceedings.

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 for violations of data protection regulations.

In October 2022, the Group was audited by an independent third-party auditor for compliance with the requirements under PN-EN ISO/IEC 27001:2017-06 for establishing, implementing, maintaining and continuously 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 aforementioned standard.

Understanding the importance of the issue of security both in terms of securing the information resources held and protecting the health and lives of the Group's employees, a Security Division was established in the Company on 02.01.2023. Dedicated personnel in the technical and organizational areas carry out tasks to maintain an appropriate level of security.

Given that the Company bases its operations on access to data through information systems, a great effort has been made to ensure an adequate level of cyber security. This issue was realized, among other things, through the use of high-end cyber-security tools, the performance of which was constantly monitored and their configuration adjusted to dynamically changing threats. Confirmation of the effectiveness of the adopted technical solutions was realized through penetration tests performed by external entities.

The Company has a set of internal regulations in place as part of its information security management system, and the Director of the Security Division is responsible for coordinating activities under this system.

Thanks to the technical and organizational solutions implemented, the Company did not experience any significant information security incidents or cyber security events that would affect the continuity of the Group's operations during the reporting period.

## 2.7. Best Practices

### 2.7.1. Best Practices - Stock Exchange

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



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

The Company adheres to most of the principles contained in the aforementioned document, and with respect to the others, it makes relevant declarations, available on the Company's website: ([https://relacjeinvestorskie.kredytinkaso.pl/wp-content/uploads/2023/05/GPW\\_dobre\\_praktyki\\_KREDYTIN.pdf](https://relacjeinvestorskie.kredytinkaso.pl/wp-content/uploads/2023/05/GPW_dobre_praktyki_KREDYTIN.pdf))

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

Details of the best practices used are included in chapter 4.2. Declaration of application of a set of corporate governance principles.

## 2.7.2. Best practices - Association of Financial Companies in Poland (ZPF)



The Association of Financial Companies in Poland (ZPF) was established in October 1999 and now brings together more than a hundred key companies from many sectors of the Polish financial market. Kredyt Inkaso S.A. has been a member of the Association of Financial Companies in Poland (hereinafter ZPF) since 2018, and therefore promotes mutual respect for ethical principles in relations with customers and counterparties, as well as professionalism in action.

ZPF has developed the so-called Principles of Best Practice, which constitute a canon of conduct based on general moral norms and consistent with the law in force in the Republic of Poland.

Kredyt Inkaso subscribes to the standards set forth in the Principles of Best Practice, acting with integrity, respecting the legitimate interests of customers and the welfare of the financial market. We protect customer information and ensure that the information is used in accordance with the law. We provide the customer with clear and reliable information about the products and services offered and the associated costs, risks and possible benefits.

In accordance with the rules set forth in the Principles of Best Practice, we include in the calls for payment all the information that should be included in the body of the letters addressed to the debtor, paying particular attention to ensure that the envelope with the letter does not contain signs that identify that the correspondence relates to the debt (this does not apply to the marking and graphic signs identifying the debt collection company).

With respect to telephone calls made by contact center agents and direct visits by field agents, we follow the Principles of Best Practice so that such calls are made at a time and place that, in our reasonable judgment, will not inconvenience the customer. We do not allow a debtor to feel harassed by the number or frequency of contacts from the Company.

All newly hired employees responsible for contacting an indebted person undergo a series of multi-day training sessions to best prepare them to handle indebted people. During the course of employment, this training is repeated, and the content and methodology of the training is updated on an ongoing basis and adapted to changes in the regulatory environment.

Employees of Kredyt Inkaso S.A. are obliged to conduct conversations in a polite and cultured manner, ensuring secrecy and non-disclosure to third parties of information about obligations and personal data of the Customer.

Call recordings are subject to an internal monitoring process, any complaints are dealt with factually and in a timely manner - in accordance with the rules ensuing from the Principles of Best Practice. If irregularities are confirmed, conclusions are drawn to avoid similar failures in the future.

As a member of the ZPF, Kredyt Inkaso S.A. once a year undergoes an Ethical Audit, conducted by the ZPF Ethics Committee, verifying compliance with the Principles of Best Practice. On 30 March 2023, the Company received a certificate confirming that it had passed the audit successfully. Kredyt Inkaso S.A. has passed all ethical audits conducted to date.

## 2.8. Employee issues

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

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

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

- Organizational Regulations of Kredyt Inkaso S.A.,
- Remuneration Regulations of Kredyt Inkaso S.A.,
- Work Regulations of Kredyt Inkaso S.A.

They are complemented by procedures related to recruitment, development or evaluation of employees. Solutions adopted by the Company are then implemented in subsidiaries. We ensure effective interaction and communication through the Management by Objectives System, which operates throughout the Group.


Promoted among employees are attitudes and behaviors directed toward positive and effective relations in the organization and an appropriate leadership style, among other things, through jointly developed and implemented: Group's Mission, Vision and Values. They indicate how to deal with employees, customers and business partners, and determine how communication and activities are carried out within the Group.

The Capital Group strives to be a workplace free of mobbing, discrimination and other forms of violence, both from superiors and other employees.

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

- mobbing, discrimination or any other form of violence is not accepted,
- employees are obliged to avoid actions and behaviors that meet the definition of mobbing, have the hallmarks of discrimination or other forms of violence,
- allowing for situations of mobbing, discrimination or application thereof violates employee duties. In such a situation, the Company, as the employer, may apply the sanctions provided for in the labor laws and internal labor regulations.





**Key indicators related to employment:**
**Total number of employees**

					
	POLAND	ROMANIA	BULGARIA	RUSSIA	TOTAL
31.03.2022	368	61	52	56	537
31.03.2023	379	72	50	46	547

**including Kredyt Inkaso  
S.A:**

31.03.2023	347
------------	-----

**Number of employees by gender**

					
	POLAND	ROMANIA	BULGARIA	RUSSIA	TOTAL GROUP
<b>As at 31.03.2023</b>					
Women	279	54	41	33	407
Men	100	18	9	13	140
In total	379	72	50	46	547

**including Kredyt Inkaso  
S.A:**

Women	274
Men	73

**As at 31.03.2022**

Women	262	46	44	33	385
Men	106	15	8	23	152
In total	368	61	52	56	537

**including Kredyt Inkaso  
S.A:**

Women	257
Men	78

**Number and rate of new employee hires**

	Women		Men		Total	
	31.03.2023	31.03.2022	31.03.2023	31.03.2022	31.03.2023	31.03.2022
age under 30	52	36	22	22	74	58
age 30 - 50	31	44	21	25	52	69
age over 50	3	-	0	1	3	1
<b>Total</b>	<b>86</b>	<b>80</b>	<b>43</b>	<b>48</b>	<b>129</b>	<b>128</b>

	Women		Men		Total	
<i>employment rate</i>	0.16	0.15	0.08	0.09		
<b>including Kredyt Inkaso S.A</b>						
age under 30	18	16	7	9	25	25
age 30 - 50	21	37	16	20	37	57
age over 50	2	-	0	1	2	1
<b>Total</b>	<b>41</b>	<b>53</b>	<b>23</b>	<b>30</b>	<b>64</b>	<b>83</b>
<i>employment rate</i>	0.12	0.16	0.07	0.09		

### Number and rate of employee departures

	Women		Men		Total	
	31.03.2023	31.03.2022	31.03.2023	31.03.2022	31.03.2023	31.03.2022
age under 30	36	35	18	20	54	55
age 30 - 50	32	38	26	30	58	68
age over 50	4	1	3	4	7	5
<b>Total</b>	<b>72</b>	<b>74</b>	<b>47</b>	<b>54</b>	<b>119</b>	<b>128</b>
<i>departure rate</i>	0.13	0.14	0.09	0.10		
<b>including Kredyt Inkaso S.A</b>						
age under 30	7	10	7	7	14	17
age 30 - 50	16	29	19	22	35	51
age over 50	1	1	2	4	3	5
<b>Total</b>	<b>24</b>	<b>40</b>	<b>28</b>	<b>33</b>	<b>52</b>	<b>73</b>
<i>departure rate</i>	0.07	0.12	0.08	0.10		

## 2.8.1. Training and development

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

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

	31.03.2023	31.03.2022
Number of hours allocated for employee training	4,372	3,393
Average employment	547	537
Rate of training hours per employee	8	6.3

## 2.8.2. Occupational Health and Safety

The Group pays special attention to occupational health and safety. The employer successively modernizes and upgrades workstations and tools, and analyzes incidents and risks related to the safety of various groups of employees on an ongoing basis.

### Types of accidents and injuries

	31.03.2023	31.03.2022
Traffic accident	-	1
Falling on a flat surface	1	-
Fall from height	1	-

	31.03.2023	31.03.2022
<b>Total number of accidents</b>	<b>2</b>	<b>1</b>

### 2.8.3. Organization and working conditions during and after the COVID-19 pandemic

The Group has made every effort to provide employees with the safest possible working conditions and to protect them from the risk of COVID-19 infection, both organizationally and by dedicating adequate financial resources. A significant number of employees have been transferred to a system of rotating remote work, field visits have been temporarily suspended, rules and guidelines for working in a coronavirus emergency are implemented and regularly communicated, access to disinfectants and fluids is guaranteed at all times, and the availability of disposable masks and gloves for employees is ensured.

Currently, employees of Group companies mainly work in a hybrid model.

### 2.8.4. Group's Mission, Vision and Values

Kredyt Inkaso S.A. was established in 2001 and is one of the leading companies in the debt management industry in Poland. Over time, the company transformed into a capital group with operations in 5 Central and Eastern European markets - Poland, Romania, Bulgaria, Croatia and Russia - working with banks, insurance companies, telecommunications companies, loan companies and other mass service providers. The company has been listed on the Warsaw Stock Exchange since 2007.

In its activities, Kredyt Inkaso Capital Group focuses on investing in debt portfolios and servicing them at all stages of overdue debt - from amicable collection to court and enforcement processes, also cooperating with business information agencies. In addition, Kredyt Inkaso also provides debt management services to other financial entities through outsourcing.

The Group's mission is to take ethical and effective measures to support primary creditors in resolving non-performing debts and to support debtors in facilitating their repayment of arrears. At the same time, in line with our vision, we strive to be a company whose value grows for employees as well as investors, customers and business partners.

The ethical principles in force are reflected in the Code of Ethics in the Kredyt Inkaso Capital Group. This document defines key spheres, such as: Ethics in action, Reputation, Goal orientation, Professionalism, Compliance with the law, Integrity, Internal relations, and Action for market development.

Within such a perceived set of values and goals, ethics and integrity are fundamental to the Group's operations in all markets.

In the course of our long-standing presence in the debt management market, we have developed a reliable and unique operating model. We have also defined attitudes and behaviors through which we consistently build positive relationships with our stakeholders and achieve our organization's goals.

In the 2022/2023 financial year, we modified the so-called strategic triad: the Mission and Values were updated, and we created a Vision. The changes made emphasize the customer-centric service model and further define the organizational culture we are implementing.

#### Mission and Vision



#### Mission

We support primary creditors as well as indebted individuals and companies.  
 We help primary creditors in resolving non-performing debts.  
 We make it easier for debtors to repay their arrears. We do it ethically and successfully.



#### Vision

We want to be a company whose value grows for everyone: employees, investors, customers and business partners.



## Values



### First of all, people

We work with people and for people. We respect members of our team, investors, customers (indebted persons) and business partners. We follow the rule of fair play. We bank on close cooperation and benefits for everyone.



### Straight to the goal

We focus on finding simple and beneficial solutions for our customers and our business. We strive to achieve the est results and avoid ineffectiveness.



### Ready for the future

We ensure continuous progress and development of our organization. We move with the times. We quickly and flexibly implement innovative solutions. We improve constantly.

## 2.9. Information on environmental issues

The Group provides financial services that do not directly affect environmental pollution, so the Company has not adopted a separate policy on environmental issues. However, with environmental concerns in mind, the Group monitors energy consumption and adheres to policies related to the disposal (return to supplier) of used electronic equipment, printer toners, fluorescent lamps, etc.

The company is gradually replacing vehicles from its company fleet with cleaner and more environmentally friendly vehicles that meet the latest emission standards.

The company's Warsaw headquarters replaced its telephone exchange with a more modern one in 2022/2023. The implementation of the new solution has reduced electricity consumption - the previous several devices have been replaced by a single, energy-efficient device.

The Group also prepares - calculated in accordance with the GHG Protocol methodology - quarterly reports on direct and indirect greenhouse gas emissions included in Scopes I and II in Poland, Romania and Bulgaria. The first report presenting information on the impact of Kredyt Inkaso Capital Group's activities on the environment and climate in terms of carbon footprint was compiled for Q1 2022.

Scope I refers to direct emissions from the combustion of fuels in stationary and mobile sources owned or supervised by the company, as well as emissions from ongoing technological processes and volatilized refrigerants. Scope II, on the other hand, is indirect energy emissions resulting from the consumption of imported (purchased or externally supplied to the organization) electricity, heat, process steam and cooling, which in practice arise at the point of generation of these utilities.

	01/04/2022-31/03/2023	01/04/2021-31/03/2022
Energy consumption in kilowatt-hours	411,225	487,828
<i>Energy consumption. Own study.</i>		

## 2.10. Internal control system and risk management system

The Group has an internal control system 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 of operations with laws, internal regulations and market standards.

The internal control system encompasses:

- internal control function to ensure compliance with control mechanisms and ensure the quality of processes,
- compliance organizational unit (Compliance Officer) tasked with identifying, assessing, controlling and monitoring the risk of non-compliance of operations with laws, internal regulations and market standards, and providing periodic reports in this regard,
- an independent internal audit function (Internal Audit Division) to examine and evaluate, in an independent and objective manner, the adequacy and effectiveness of the risk management system and internal control system,

The Group manages risk by keeping abreast of current market trends and developments, as well as changes in the legal and regulatory environment. In terms of risk management, the Group identifies and analyzes the risk factors to which it is exposed and defines the actions to be taken in dealing with the risks, as well as determines the controls to safeguard the process.

The Kredyt Inkaso Capital Group has a Risk Committee. The Committee's tasks and method of operation are specified in the Regulations of the Risk Committee of the Kredyt Inkaso Capital Group.

Risk factors and threats are presented in the table below.

Risk	Description of risk and level of exposure of the Company and Group to the risk	Risk management	Risk level
<b>Risks related to the increase in operating expenses</b>	<p>Significant increases in the Group's operating expenses may be affected by increases in such cost groups as (i) the cost of court, notary, bailiff and other litigation fees related to the management of receivables through legal channels and the cost of tax charges; (ii) the cost of postage and banking fees; (iii) labor costs; (iv) the cost of services and materials purchased by the Group; and (v) the cost of obtaining financing.</p> <p>The costs indicated in (i) and (ii) above may increase in particular due to a possible change in legislation. Due</p>	<p>Since the Group has no control over the growth of most of the costs mentioned, its activities are mainly focused on reducing the negative impact of these risks on the financial performance of the business. In order to minimize the risk of rising operating expenses, the Group is taking the following</p>	High

Risk	Description of risk and level of exposure of the Company and Group to the risk	Risk management	Risk level
	<p>to rising inflation, there is a risk of further increases in the cost of services and materials (iv) and upward pressure on wages (iii), as well as a continuation of rising interest rates, which would have a direct impact on the increase in the cost of obtaining financing (v).</p> <p>A disproportionate increase in any of the aforementioned cost groups, particularly in relation to the dynamics of realized revenues, may negatively affect the Group's growth dynamics and results of operations, and consequently its ability to settle its obligations.</p>	<p>measures:</p> <ul style="list-style-type: none"> <li>u. increases operational efficiency,</li> <li>v. reduces cost-creating activities by selectively choosing cases with the potential to guarantee cost recovery,</li> <li>w. chooses less costly activities if the probability of expected returns is similar,</li> <li>x. forgoes costly legal action if the cost is higher than the likely gains,</li> <li>y. for cost reasons, discontinues enforcements upon request in cases where this is related to the repayment of the debt or the conclusion of an agreement with the debtor as to its repayment and at the same time when the creditor is able to demonstrate this fact before the bailiff,</li> <li>z. monitors cases with pending enforcement proceedings with the aim of taking them up within the statutory deadline,</li> <li>aa. in cases where it is justified, the creditor files a complaint against the action of the bailiff on the costs charged to the creditor.</li> </ul> <p>Preventive measures involve tracking changes that lead to potential cost increases. Where possible, even before these costs rise, the Group is implementing these measures in advance.</p>	
<b>Risk of negative revaluation of carrying value of acquired debt packages</b>	<p>The Group acquires debt packages for its own account. If the acquired debt packages do not generate the expected cash flows over the assumed time horizon, they may need to be revalued downward. This risk is relatively higher in new markets or portfolios with unusual characteristics, where the Group does not yet have sufficient historical data. Risks may also materialize if the economic situation deteriorates. An additional element affecting the risk in question is the potential change in foreign currency exchange rates, which may translate into higher or lower PLN inflows from</p>	<p>The Group analyzes current repayments from debt portfolios in relation to forecasts and the current economic situation and changes in the law. Based on its analyses, the Group continuously updates the valuation of debt portfolios based on the most current cash flow projections.</p>	<p>High</p>

Risk	Description of risk and level of exposure of the Company and Group to the risk	Risk management	Risk level
<b>Risks related to transactions with related parties</b>	<p>foreign portfolios (currency risk).</p> <p>Due to the nature of the Group's operations and structure, there are business transactions between Group 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. In the case of any audit, its 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 and conditions of transactions between related parties, the Group cannot exclude the possibility that the transfer prices and transfer pricing documentation used may be challenged by tax authorities carrying out audit activities at the Group. This, in turn, may consequently lead to a change in the Group's accrued taxable income base and the need to pay additional tax, along with late interest and possible additional financial penalties.</p> <p>The occurrence of material differences between the Group and the tax authorities in the determination of tax income on the grounds of transactions of significant value to 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 analyzes the marketability of transactions in accordance with the rules of applicable law, and prepares the transfer pricing documentation required by law. In doing so, it uses tools for professional economic analyses, as well as the services of professional entities.</p>	<p>Medium</p>
<b>Risk of introducing legal restrictions on the sale of receivables</b>	<p>The Group is in the business of acquiring and managing debt packages sold by original creditors, in particular, such as financial institutions, telecommunications operators and cable television networks. The scope of this activity, including restrictions on its conduct, is due in particular to:</p> <ul style="list-style-type: none"> <li>• regulations and legislative changes,</li> <li>• decisions and rulings of public administration bodies, e.g. Office of the Polish Financial Supervision Authority, Office for Competition and Consumer Protection, President of the Personal Data Protection Office,</li> <li>• announcements, guidelines and interpretations of public administration bodies.</li> </ul> <p>In order to minimize the negative repercussions of changes in the environment of debt collection activities, it is necessary to have effective tools to monitor possible changes and their implementation in the Group.</p>	<p>The Group constantly monitors the scope of proposed and coming into force legislative changes, with a particular focus on regulations affecting the Group's main business areas. In addition, it keeps abreast of announcements (guidelines, decisions, etc.) addressed to market participants by government authorities. In the event of an assessment that a change or announcement may affect the Group's business, it takes adjustment measures in this regard on an ongoing basis.</p> <p>The Group has separate organizational units:</p> <ul style="list-style-type: none"> <li>• responsible for the area of debt management,</li> <li>• Compliance Officer, which monitor the Group's compliance with legal regulations, including updating internal regulations as necessary.</li> </ul>	<p>Medium</p>
<b>Risk of breach of obligations under other than issued bonds</b>	<p>In the event of a deterioration in the Group's liquidity, it is possible that the Group will be temporarily or permanently unable to repay previously incurred debt, or will be in breach of its</p>	<p>Taking into account the conclusions of the ongoing internal analyses and forecasting of financial data,</p>	<p>Medium</p>

Risk	Description of risk and level of exposure of the Company and Group to the risk	Risk management	Risk level
<b>Liquidity risk</b>	<p>obligations under financing agreements. As a result, some or all of the Group's debt may become immediately due and payable, while the collateralized assets may be seized by financial institutions, which could have a material adverse effect on the Group's business, financial condition and results of operations.</p> <p>Placing external financing on maturity would result in a loss of liquidity for the Group.</p> <p>Expenditures for the purchase of debt portfolios are financed from both equity and debt financing, the sources of which include bond issues and bank loans.</p> <p>In the event of a deterioration in the Group's liquidity, it is possible that the Group will be temporarily or permanently unable to repay previously incurred debt, or will be in breach of its obligations under financing agreements. As a result, some or all of the Group's debt may become immediately due and payable, and the collateralized assets may be seized by creditors, which could have a material adverse effect on the Group's business, financial condition and results of operations.</p>	<p>the Group minimizes the risk of breaches of obligations to creditors. In order to reduce risk, the Group diversifies external financing and manages liquidity in a way that minimizes the risk of liabilities coming due through an event of default in financing agreements.</p> <p>As part of its liquidity risk management measures, the Group conducts:</p> <ul style="list-style-type: none"> <li>• planning and ongoing monitoring of financial flows,</li> <li>• managing cash flows between Group entities,</li> <li>• recovering receivables on a continuous basis, in accordance with the adopted strategy,</li> <li>• analyses of the possibility of using external sources of financing.</li> </ul>	Medium
<b>Risk related to the Group's debt level</b>	<p>The scale of financing operations with foreign capital is at a moderate level. Existing debt levels may affect the level of financial expenses, particularly if market interest rates continue to rise. The occurrence of the above events may adversely affect the Company's ability to make payments on external financing.</p> <p>Taking into account the conclusions of the ongoing internal analyses of financial data, as of the Approval Date, there is no basis 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 issuance of bonds and in the form of bank loans, but this does not eliminate the risk of a change in this condition in the future.</p>	<p>The Group analyzes the conclusions of its internal analyses of the Group's debt financial data on an ongoing basis and decides on the level of the Group's debt and interest rate risk hedging based on this.</p>	Medium
<b>Risk associated with consumer bankruptcy</b>	<p>Consumer bankruptcy as a legal institution came into force in 2009 and has been successively modified since then, starting with the first major amendment in 2016. However, the previous legal provisions did not allow non-business individuals to take full advantage of this institution of debt relief. Accordingly, the Act of 30.08.2019 amending the Act - Bankruptcy Law and certain other acts (Journal of Laws of 2020, item 1288), which came into force on 24 March 2020, has significantly facilitated consumers to declare bankruptcy, which has consequently translated into a marked increase in the number of bankruptcy proceedings. Currently, the insolvency of the debtor is the only condition for declaring bankruptcy, which results in bankruptcy being declared as a result of virtually every application. However, bankruptcy alone does not equal debt relief.</p> <p>Available statistics from the Central Economic Information Center show that about 15,600 consumer bankruptcies were declared in Poland throughout 2022, compared to more than 18,000 in 2021 and 13,000 in 2020. More than 5,300 people have already declared bankruptcy in the first quarter</p>	<p>In order to reduce risks, the Group has streamlined and organized the processes responsible for the proper, efficient and timely handling of cases in which bankruptcy information has been received.</p> <p>In order to minimize the risk of incurring the additional costs of filing a claim, which must be incurred if a claim is filed after the statutory deadline, a mechanism was used to quickly find debtors who have declared bankruptcy, enabling them to enter bankruptcy in a timely manner.</p>	Medium



Risk	Description of risk and level of exposure of the Company and Group to the risk	Risk management	Risk level
	<p>of 2023. This phenomenon is most likely a result of the entry into force on 1 December 2021 of the Act of 6 December 2018 on the National Debt Register. As of this date, all new bankruptcies are conducted electronically through the National Debt Register. The change in question did not affect the bankruptcy proceedings themselves, however, the digital exclusion of some debtors and the technical deficiency of the register, making it difficult for courts and receivers to carry out procedural actions, cannot be overlooked, which most likely contributed to the periodic reduction in the number of bankruptcies declared. High inflation and very high interest rates, as well as the unblocking of bottlenecks in the processing of applications in the National Debt Register, will likely contribute to more consumer bankruptcies in the future.</p>		
<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. Relevant from this point of view may turn out to be, among other things, changes in the law on the debt collection sector, civil proceedings, securitization funds, the functioning of capital companies and public companies, as well as the conduct of activities supervised by public administration authorities in the management of securitization funds, as well as the general principles of business, trading in financial instruments, tax regulations.</p> <p>The Group includes 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 under the generally applicable laws of the European Union. Therefore, there are risks associated with the possibility of regulatory changes in other jurisdictions as well.</p> <p>At the same time, operating in a volatile regulatory environment in different legal jurisdictions generates an increased risk that the Group will misrecognize its tax obligations.</p> <p>Changes in legislation can involve problems of interpretation, short vacatio legis, inconsistent court rulings, legal restrictions on the conduct of business, and unfavorable interpretations adopted by public administrations. Any such change in regulations may increase the Group's operating expenses, affect its financial performance and cause difficulties in assessing the impact of future events or decisions, and consequently affect the Group's payment capacities.</p>	<p>The Group, through a dedicated business unit, monitors changes in the legal and regulatory environment.</p> <p>Notwithstanding the above, in matters covered by the subject matter of each organizational unit, each of them is obliged to keep abreast of changes in laws, prudential regulations, internal regulations, recommendations and guidelines of supervisory bodies that affect the activities of the respective organizational unit, and to take the necessary adjustment measures. In addition, as a member of the industry organization ZPF, the Company takes an active part in providing opinions on regulatory changes and in shaping the debt market in Poland. The Group also works with reputable consulting firms, both locally and internationally.</p>	Medium
<b>Risk of significant decline in repayment levels from acquired portfolios</b>	<p>A significant decrease in the level of repayments from acquired portfolios could have a negative impact on the financial and operating position. The Group does not have any individual receivables whose default could significantly reduce the Group's liquidity, but such a situation cannot be ruled out in the future. Repayments from bulk processes involve many customers whose repayment is independent. Thus, risks may materialize, however, mainly as a result of significant macro economic changes. High inflation readings and rising interest rates may result in a reduction in the real household budgets of customers</p>	<p>The Group mitigates the risk of a significant decline in repayments by monitoring daily receipts on an ongoing basis and, in the event of significant deviations from expected recoveries, by updating its short- and/or long-term servicing strategy, intensifying or adjusting collection activities on selected debt packages. The</p>	Medium

Risk	Description of risk and level of exposure of the Company and Group to the risk	Risk management	Risk level
<b>Risk of investment in debt portfolios</b>	<p>settling obligations to the Group, and dynamic changes in tax laws may have an ambiguous impact on the level of repayments from acquired portfolios.</p> <p>The development of the debt trading market in Poland is increasing the number and variety of parameters of the debt packages offered and, consequently, the data that the Group must analyze before making an investment decision. Valuation of debt packages is a complex process of statistical and expert evaluation. In view of the fact that each debt package offered for sale is different, and there are differences even at the level of packages coming from 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 package and the operating expenses of recovery.</p> <p>In addition, one of the main criteria for investment in debt portfolios, is the expectation of the distribution of cash flows that the Group will receive from the collection of receivables. When making investments, however, the Group has no assurance that the cash flows from its receivables will be in line with the original estimates in terms of amounts and timing of repayments. Among the main reasons for the risk of recording lower cash flows are the deterioration of debtors' financial situation for economic reasons, the lower-than-expected efficiency of the debt collection process, and the Group's erroneous assumptions made at the date of investment.</p> <p>The effect of inappropriate valuation of the acquired portfolio may result in an overvaluation of the acquired debt portfolios, which may negatively affect the Group's result and thus the value of its equity. In turn, lower-than-expected or pushed-back cash flows from acquired portfolios could negatively affect the Company's ability to meet its obligations.</p>	<p>service strategy and product offerings are revised in line with the changing business environment to optimize the results obtained.</p> <p>The models used for valuing debt packages are continuously adapted and updated to the business environment in which the Group operates. Not only the current state, but also projected changes in repayments in the future are taken into account.</p>	Medium
<b>Compliance risk</b>	<p>Due to the scale, scope and nature of the 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, which may result in administrative penalties (including financial penalties) imposed by supervisory authorities, loss of reputation or loss of licenses. It should be noted that the activities carried out by the Company are regulated activities, which means that in order to carry them out, the Company must obtain a permit from the Polish Financial Supervision Authority, and consequently is also subject to the supervision of this authority.</p> <p>Failure to comply with or misapply supervisory requirements can consequently lead to sanctions by these authorities.</p> <p>As an entity listed on the Stock Exchange, the</p>	<p>The Group has adopted internal regulations in the area of compliance, such as compliance risk management, conflict of interest management, anti-corruption, professional secrecy protection, information security, whistleblowing, and ethical principles.</p> <p>In addition, the organizational structure includes a separate and independent organizational unit responsible for compliance, which is responsible for coordinating the management process in the</p>	Medium

Risk	Description of risk and level of exposure of the Company and Group to the risk	Risk management	Risk level
	<p>Company is additionally required to comply with the rules and standards set by the WSE, as well as the applicable laws and regulations for public companies.</p>	<p>aforementioned areas.            Primary compliance mechanisms include:</p> <ul style="list-style-type: none"> <li>a) internal regulations and adopted rules of conduct,</li> <li>b) distribution of tasks and powers assigned to employees holding specific organizational positions within a given process aimed to prevent situations where an employee controls him- or herself or where there is a potential conflict of interest between employees with personal ties,</li> <li>c) training for employees,</li> <li>d) access control - understood as a set of access rights to a specific area, system, process, data,</li> <li>e) physical control - understood as a set of access rights to a specific area,</li> <li>f) records and lists maintained,</li> <li>g) documenting exceptions in the performance of certain activities ensuing from certain rules of conduct,</li> <li>h) any automated controls built into information systems, other controls built into processes, internal regulations to ensure compliance.</li> </ul>	
<b>Risk of deterioration of the financial situation of debtors</b>	<p>The volume of recovery proceeds from debt packages depends on the financial condition of the debtors. Deterioration of the economic situation in Poland and in foreign markets may consequently result in a halt in economic growth, an increase in the unemployment rate, a drop in demand, a drop in real income and thus a deterioration in the financial situation of debtors and their ability to settle their obligations.</p> <p>In an environment of high inflation and rising interest rates, the situation of debtors may worsen, while dynamic changes in tax laws may have an ambiguous impact on debtors' ability to service their obligations.</p> <p>Any deterioration in the financial situation of debtors, regardless of their type (individuals or companies), may directly affect the return on investment from debt packages, which may have a significant negative impact on the Group's operations, financial position and results of operations.</p>	<p>The Group continuously monitors the situation related to the effects of rising inflation and conducts an analysis of the need to take measures to reduce the scale of its impact on the Group's future results. However, due to the dynamics of the interest rate situation, which is related to external factors beyond the Group's control, the Group is unable to definitively determine the impact of this situation on the permanent deterioration of the debtors' financial situation.</p> <p>Since the Group has no influence on inflation growth, its activities are mainly focused on reducing the negative impact of this</p>	Medium

Risk	Description of risk and level of exposure of the Company and Group to the risk	Risk management	Risk level
<b>Risk of inability to purchase new debt portfolios and new collection orders</b>	<p>Due to the activities of competitors, both those already operating in the Group's business markets and new players, or due to changes in the way debt sellers behave, in particular changes in the formula for disposing of portfolios or acquiring entities servicing them, the Group may face restrictions on the acquisition of new debt portfolios that are attractive to the Group, as well as new assignments to manage debt portfolios or outsource debt collection.</p> <p>The Group's restrictions on access to capital and the development by primary creditors of their own specialized debt collection and restructuring departments may also be obstacles to acquiring more debt packages. The above factors could have a significant negative impact on the Group's operations and its earnings prospects.</p>	<p>risk on its results of operations.</p> <p>In order to reduce this risk, the Group constantly monitors the market for the purchase of receivables and the market for services related to the collection of receivables, both in terms of the activities of competing companies and the formula for the disposal of debt portfolios or the acquisition of entities for cooperation.</p>	Medium
<b>Risk of rising prices of debt portfolios</b>	<p>In the near term, there may be a phenomenon of further increases in transaction prices - there is currently an apparent increase in prices for some portfolio sales in the market. 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 flow for the Group, while in the medium and long term it may translate into lower profitability of its debt collection activities, due to higher portfolio amortization values, among other factors. This could adversely affect the Group's operations and its earnings prospects.</p>	<p>The Group constantly monitors the debt purchase market and the level of transaction prices of debt portfolios available on the market.</p>	Medium
<b>Risk of increasing the size of debt portfolios offered for sale</b>	<p>The market situation may result in an increase in the size and value of debt portfolios put up for sale in the near future. There is a risk that with significant increases, the Group may find it difficult or impossible to participate independently in tenders to purchase the largest, and most attractive, debt portfolios. As a result, the Group may be forced to form consortiums 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. This 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 Group is taking steps to attract potential investors for the purchase of high-volume debt portfolios.</p>	Medium
<b>Risk of further increase in statutory interest</b>	<p>The rate of statutory interest for delay from September 2022 is 12.25% per annum. Over the past few years, the amount of statutory interest has, in the first instance, decreased to 5.6% in May 2020 (as a result of successively lower interest rates). Rising inflation in 2021 forced measures to be taken, and in the period from October 2021 the Monetary Policy Council has already increased interest rates eleven times, with the last increase taking place on 7 September 2022. In the last months of 2022 the Monetary Policy Council did not increase interest rates - the reference rate is 6.75 percent and has remained unchanged since September 2022.</p>	<p>The Group manages this risk by analyzing the macroeconomic situation and announced changes in interest rates, but has no influence on the MPC's decisions.</p>	Medium

Risk	Description of risk and level of exposure of the Company and Group to the risk	Risk management	Risk level
<b>Risk of negative image</b>	<p>According to analysts, this could mean the end of the cycle of increases.</p> <p>The amount of statutory interest directly affects the Group's interest income from overdue receivables, but at the same time adversely affects the increase in financing expenses and the deterioration of the financial condition of debtors. Given the current level of rates, the risk of further rate increases in the near term is unlikely. Downward pressure on rates seems more likely. However, until inflation begins to fall noticeably, the MPC is unlikely to cut interest rates.</p> <p>The Group's debt recovery often involves individuals and legal entities in a debt spiral. Some of the people against whom claims are asserted, or those around them, may resort to the intervention of media interested in load-bearing topics and choose to create so-called black PR against the Group or the debt collection industry. These actions can be based on both facts and slander and false information, including those bearing the hallmarks of unfair competition. If such cases are publicized by the media, each case could directly or indirectly affect the Group's credibility in the eyes of investors, financing providers, debt package sellers and other counterparties. This may reduce the valuation of financial instruments issued by the Company or reduce the availability of external financing and the number of debt portfolio purchase transactions entered into by the Group.</p>	<p>The Company monitors the media for information in the context of the Company and the Group and responds to it. Communication activities are carried out both by a professional team inside the organization and in cooperation with an external PR agency.</p> <p>As part of the Association of Financial Companies, the Company participates in a PR initiative titled "Debt collection - a clear issue". It has an educational purpose, bringing both the media and their audiences closer to the principles of debt management companies and the legal basis under which they operate. The Group conducts educational activities in social media (educational posts and the Kredyt Inkaso Academy series) and on the website. The Group also prepares materials to deepen consumers' financial knowledge (tutorials) and to introduce them to the role and operation of debt management companies.</p>	Medium
<b>Risk related to the macroeconomic situation and the socio-economic situation in Poland</b>	<p>The activities 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 such factors as the level and trend of GDP changes, inflation, unemployment levels, the government's fiscal and monetary policies, the availability of financial resources, the growth of the population's real income, changes in the economic situation at the national, regional and global levels, changes in the political situation at the central and local government levels, as well as the economic situation of household businesses. Possible unfavorable trends in the development of macroeconomic, social and political factors may have a negative impact on the Group's results, financial position and business prospects.</p>	<p>The Group constantly analyzes the macroeconomic situation and changes in the banking and financial sector, although it does not directly influence 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, creating financial forecasts in the short, medium and long-term horizons.</p>	Medium

Risk	Description of risk and level of exposure of the Company and Group to the risk	Risk management	Risk level
<b>Risk related to exchange rate volatility</b>	<p>The Group operates in foreign markets and thus is exposed to foreign exchange risk, mainly from investments in debt portfolios and servicing of receivables acquired outside Poland. Currency fluctuations affect the financial result through:</p> <ol style="list-style-type: none"> <li>1) changes in the expressed value of revenues from foreign markets and the expressed value of costs in the foreign markets portion of the operating activities;</li> <li>2) changes in the value of foreign debt portfolios (purchase price and valuation), the value of which expressed in zlotys is dependent on foreign exchange rates;</li> <li>3) unrealized exchange differences from the valuation of settlements as of the balance sheet date.</li> </ol> <p>The Group is exposed to foreign exchange risk arising from short-term receivables and liabilities, cash and cash equivalents, capital expenditures, as well as investments (net asset value) in the Group's foreign subsidiaries.</p> <p>Exchange rate volatility, caused in particular by the deterioration of macroeconomic indicators and an increase in the political risks of the countries in which the Group operates, could have a significant negative impact 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 foreign currency risk.</p>	Medium
<b>Risk of failure to achieve the Group's strategic objectives</b>	<p>Delay, partial or total inability to implement the Group's strategic objectives, due to, among other things, changes in the market situation, the macroeconomic or regulatory environment, mistakes by those responsible for implementing the Group's strategy, could materially affect the Company's and the Group's operations and, indirectly, their financial performance. This, in turn, may translate into a slowdown in the acquisition of more debt portfolios due to a weaker capital base, both in terms of equity and third-party capital.</p> <p>Delays in achieving strategic goals or the occurrence of any of the above circumstances could have a material adverse effect on the Group's business, financial condition or results.</p>	<p>The Group conducts ongoing monitoring of operational and financial performance and progress in implementing the adopted strategy. A number of control activities have been introduced in the Group to numerically, periodically analyze the correctness of the strategic activities performed. In addition, the Group prevents the risk of misdefining strategic goals in annual cycles, prior to developing the budget for subsequent years, by performing a strategy analysis that includes verification of opportunities and threats arising from the macroeconomic environment.</p>	Medium
<b>Risk of corporate disputes with shareholder</b>	<p>BEST S.A., based in Gdynia, holds 33.09% of the total number of votes at the General Meeting. BEST S.A. conducts competitive activities with respect to Kredyt Inkaso S.A.</p> <p>Given the aspect of the competitive nature of the Shareholder's business and the existing disputes between the Shareholder and the Company, there is a risk of the Shareholder taking actions that impede the Company's development or damage its reputation.</p> <p>The ongoing disputes are multifaceted, and BEST S.A., with its corporate powers as a shareholder, is effectively using various legal means to continue the</p>	<p>The Company employs qualified lawyers and cooperates with reputable law firms to minimize the effects of potential Shareholder actions that could negatively affect the Company's development or damage its reputation.</p>	Medium



Risk	Description of risk and level of exposure of the Company and Group to the risk	Risk management	Risk level
	dispute.		
<b>Risk of exceeding investment limits by own closed-end investment funds</b>	<p>Due to the Group's ownership of closed-end investment funds (non-standardized closed-end securitization investment funds), there is a risk of exceeding the investment limits set by applicable laws or fund statutes for individual funds or sub-funds. This risk can also materialize in overexposure to one market sector, type of debt or other assets, which can result in adverse financial consequences if the value of the assets held by the fund or sub-fund decreases, including as a result of changes in the debt market. The risk of exceeding investment limits may be updated as a result of the investment decision of the management company of a particular closed-end investment fund, the decision of the management entity, or as a result of a passive change in the value of assets.</p>	<p>The Company, as manager of debt portfolios of non-standardized closed-end securitization investment funds in cooperation with investment fund companies, monitors the limits assigned to individual investment funds on an ongoing basis and prepares and applies procedures, strategies, operational guidelines and operational plans to reduce the above risks.</p>	Medium
<b>Risk related to military actions of the Russian Federation on the territory of Ukraine</b>	<p>The military actions of the Russian Federation in Ukraine may result in further dynamic legislative and factual changes in the introduction of restrictions on the conduct of business, including the effective exercise of corporate control at the level of the Russian Group company, in which the majority of the shareholding rights are held by the Luxembourg-based entity, i.e. Kredyt Inkaso Portfolio Investments (Luxembourg) S.A.</p> <p>Negative media comments about the Group continuing to operate in Russia are possible. The longer it takes to extinguish this activity, the more the risk of potential negative PR will increase.</p> <p>According to the provisions of the Act on Anti-Money Laundering and Countering the Financing of Terrorism, the Group must apply enhanced financial security measures if a customer transaction involves high-risk countries. This means:</p> <p>a) withholding - up to a maximum of 5 business days - of incoming and outgoing transfers,</p> <p>b) demand for:</p> <p>additional information and documents relating to the transaction (e.g., invoice) and information on the sources of the customer's assets and funds and all its beneficial owners.</p> <p>If this information and documents are not received within the allotted time, it will not be possible to execute the suspended transaction; and, as a last resort, the relationship with the customer may be terminated.</p> <p>In addition, at the end of April 2022, the first Polish sanction list was created, which initially included more than 50 individuals and business entities (as of 31.05.2023, the list includes nearly 420 individuals and entities). The Polish sanctions list is a supplement to the EU sanctions list and refers to oligarchs and Russian entities with real business interests in Poland.</p> <p>Regardless of the risks associated with the subsidiary's</p>	<p>The Group constantly monitors legislative and regulatory changes, with particular attention to potential restrictions on the operations of foreign-owned entities, and assesses their impact on the entity's current operations and on the Group's business.</p> <p>The Group has implemented internal regulations in the area of preventing money laundering and terrorism financing. It actively incorporates changes in sanctions lists, including Polish, EU, UN, OFAC, into its ongoing business decisions and activities.</p> <p>In terms of technology, the Group has realized the technological separation of the Russian company from the Group's infrastructure. A proactive response to the situation in Russia protects the Group in case of unexpected actions from within Russia (e.g. acquisition of a Russian company forced by legislative changes, hacking attacks).</p> <p>Trends in repayment levels</p>	Medium

Risk	Description of risk and level of exposure of the Company and Group to the risk	Risk management	Risk level
	<p>operations in the Russian Federation, the prolonged hostilities just across Poland's border are having a direct negative impact on public sentiment, further increases in inflation, and the maintenance of high interest rates. All these factors can negatively affect the ability of indebted people to generate financial surpluses and the propensity of indebted people to settle their obligations. In particular, this will apply to voluntary payments.</p>	<p>are analyzed depending on the source of these payments, but the Group has no influence on further geopolitical developments and the resulting economic consequences. Efforts are underway to encourage debtors to repay their debts with partial debt forgiveness and installment payments, arguing, among other things, to reduce further high interest costs.</p>	
<b>Risk of changes in legal regulations concerning the recovery of debts</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, particularly changes in legal acts relating directly or indirectly to the Company's operations. As a result of unfavorable legislative changes, the risk of increased costs or labor, prolonged litigation or reduced legal recovery may materialize. A change in these regulations or in their application or interpretation could have an adverse effect on the Group's business, financial condition and results of operations.</p>	<p>Since the Group's influence on the legislative change process is negligible, preparing the organization for the announced changes seems to be the most appropriate way to mitigate this risk. Monitoring potential changes in legislation becomes crucial in this regard. The Company is a participant in the Association of Financial Companies and actively participates in the work of monitoring and reviewing legislative changes affecting the financial industry. In particular, the Company monitors and participates, on an ongoing basis, in the process of commenting on the draft <i>Act on debt collection activities and the profession of debt collector, the draft Act on amendments to certain acts in connection with ensuring the development of the financial market and the protection of investors in this market</i>, and monitors and follows the work on the implementation of the <i>Directive of the European Parliament and of the Council of 24 November 2021 on credit servicers and credit purchasers and amending Directives 2008/48/EC and 2014/17/EU</i>, while at the same time preparing to implement changes in operational processes resulting from the proposed regulations.</p> <p>The Company has introduced a mechanism for selecting cases referred for</p>	<p>Medium</p>

Risk	Description of risk and level of exposure of the Company and Group to the risk	Risk management	Risk level
<b>Risk associated with changes in interest rates</b>	<p>One of the most important factors affecting households and businesses, including but not limited to their ability to pay their obligations, is interest rates. An increase in interest rates most often translates into an increase in the cost of servicing financing, which in turn can translate into 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>To finance its operations and development plans, the Group uses debt capital in the form of bank loans and bonds. In the concluded loan agreements 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. Thus, 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 of its financial results.</p> <p>The change in interest rates also affects the fair value of the Group's purchased debt holdings, which is estimated using a discount rate. It should be noted, however, that a change in market interest rates does not directly affect the value of the packages reported on the Group's balance sheet under the amortized cost method.</p> <p>Unfavorable changes in interest rates could have a material adverse effect on the Group's operations, financial position and results of operations.</p>	<p>litigation and enforcement based on predictive models, eliminating cases with low potential for obtaining a title and enforcing receivables through forced bailiff enforcement. For cases with less potential, less costly forms of recovery are used, skipping the legal stage.</p> <p>The Group controls financial ratios under loan agreements and bond issuance terms, and measures interest rate risk. The Group, on the basis of framework agreements with the bank, may enter into derivative contracts to hedge interest rate risk.</p>	Medium
<b>Risk related to security of processing and protection of personal data</b>	<p>Due to the nature of its business, the Group processes personal data on a large scale and manages personal data sets of significant size. Personal data is processed in accordance with the data protection regulations in force in Poland and the European Union, as well as the individual countries in which the Group's entities operate.</p> <p>However, it cannot be ruled out that, despite the technical and organizational measures in place to ensure the protection of processed personal data, a breach of legal obligations in this regard will occur, in particular an incidental disclosure of personal data to unauthorized persons. In the event of violations of laws related to the protection of personal data, in particular the disclosure of personal data in an unlawful manner, the Group may be exposed to criminal or administrative sanctions, including in particular the penalties provided for by Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural</p>	<p>In order to reduce the likelihood of the risk materializing, the Group, acting both as a Controller and Processor (within the meaning of the General Data Protection Regulation), has implemented a number of technical and organizational measures. They serve to protect data, including personal data, regardless of their form, from loss, damage, destruction, or unwanted leakage outside the Group, as well as use or processing to the extent not permitted by law. The following principles are the basis for all activities:</p> <ul style="list-style-type: none"> <li>• compliance of the activities of data</li> </ul>	Low

Risk	Description of risk and level of exposure of the Company and Group to the risk	Risk management	Risk level
	<p>persons with regard to the processing of personal data and on the free movement of such data and repealing Directive 95/46/EC ("GDPR").</p> <p>Unlawful disclosure of personal data may also result in exposure of the Group to liability for infringement of personal rights or liability for damage under the GDPR, as well as negatively affect the image of the Group or any of its entities, which may have a material adverse effect on the Group's business. Such situations may occur despite the Group's use of technical and organizational measures to ensure the protection of processed personal data.</p>	<p>processing with the law and concluded contracts,</p> <ul style="list-style-type: none"> <li>• fulfillment of the information obligations imposed by the law to the persons whose data have been obtained and are being processed,</li> <li>• continuous and comprehensive education of employees on data protection and processing methods,</li> <li>• preventing unauthorized direct access to data, data sets or data processing systems,</li> <li>• preventing unauthorized electronic access or taking control of the information system or its functions.</li> </ul>	
<p><b>Risk associated with the requirement of a majority of more than 60% of votes cast or more for the adoption of a resolution of the General Meeting</b></p>	<p>According to the Company's 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 stipulate more far-reaching requirements (qualified majority). Under conditions of dispersed shareholding, such a solution raises the risk that in the event of a divergent position among shareholders, the General Meeting may not be able to adopt resolutions due to the inability to obtain a majority of more than 60% of the votes cast in favor of a given resolution. Such provisions of the Articles of Association and the provisions of the Commercial Companies Code - in a situation where Waterland's shareholding in the Company is reduced in a way that does not ensure a majority of 60% of the votes represented at a given General Meeting, or for matters requiring a more far-reaching requirement for a majority of votes cast under the Commercial Companies Code or the Articles of Association - could hinder the adoption of a resolution and, in an extreme situation, paralyze the work of the General Meeting, which could have a significant negative impact on the corporate credibility and, indirectly, the Group's operations.</p>	<p>It is in the interest of the majority shareholder to hold a number of shares that will at least allow it to pass resolutions at the General Meeting that do not require a qualified majority of votes on its own. On the other hand, adoption of resolutions requiring a qualified majority is not necessary at this time to continue current operations.</p>	<p>Low</p>
<p><b>Risk related to copyrights of software used by the Group</b></p>	<p>In the course of its operations, the Group uses, among other things, software for which it has obtained a license or property 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 license agreements or agreements transferring copyrights. The Company cannot assure that third parties will not raise claims against Group companies alleging infringement of their intellectual property rights, or that 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 renew the license period, and thus</p>	<p>The Company has implemented an internal regulation dedicated to the management of intellectual property, including licenses, describing, among other things:</p> <ul style="list-style-type: none"> <li>▪ rules for acquiring intellectual property rights depending on the source of acquisition (e.g. under an employment contract, civil law contracts),</li> </ul>	<p>Low</p>

Risk	Description of risk and level of exposure of the Company and Group to the risk	Risk management	Risk level
	<p>continue to use the software in question, beyond the end of the originally stipulated license period. In addition to this, in the course of internal work on their own IT solutions carried out with the participation of persons cooperating with Group companies under civil law contracts, it cannot be ruled out that doubts may arise as to whether Group companies have effectively acquired, or have acquired to the proper extent, the copyrights to 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 operations, results, situation or development prospects.</p>	<ul style="list-style-type: none"> <li>▪ terms and conditions of contracts for the acquisition of intellectual property rights (e.g. subject matter of the license, fields of exploitation, moment of transfer of rights, exemption from liability in case of third-party claims, contractual penalties),</li> <li>▪ rules for documenting and updating intellectual property rights,</li> <li>▪ rules for dealing with infringements of intellectual property rights.</li> </ul> <p>The Company additionally has separate units in its organizational structure dedicated to legal services, compliance assurance and internal audit to ensure compliance with the above regulations, as well as a special-purpose company conducting strictly IT activities.</p>	
<b>Risk related to the violation of the collective interests of consumers</b>	<p>The Group's operations in Poland are controlled by, among others, the President of the OCCP. There is a risk of interpretation that the Group's activities in certain areas may violate the collective interest of consumers. A finding by the President of the OCCP of a violation of the collective interest of consumers may result in the imposition of administrative sanctions, including fines, on the Group. Notwithstanding the above, there is a possible risk of class action lawsuits if consumer groups assert their rights. Similar risks apply to the Group's operations in other countries where it operates. The realization of the above risks could have a significant impact on the Group's operations, financial position and results of operations.</p> <p>The Group's activities are essentially based on the process of collecting on a massive scale the receivables of individual debtors, i.e. consumers. Potential financial consequences could result from loss of reputation, increased number of complaints and grievances, increased inspection activity by regulators, and financial penalties.</p>	<p>As part of the compliance process implemented by the Group, regardless of the actions taken by the Compliance function, laws, regulations, recommendations and expectations of supervisory authorities (in particular, the President of the OCCP) are reviewed on an ongoing basis. Once the areas that need change are identified, improvements are implemented. The entire process is supported by a Compliance Officer, who continuously analyzes changes in the legal and regulatory environment and informs the relevant organizational units of these changes. The Compliance Officer then performs periodic independent verification of the status of the changes made.</p>	Low
<b>Risk related to discontinuation of services to</b>	<p>Part of the Group's revenue comes from providing portfolio management services to third-party securitization funds. A periodic or permanent</p>	<p>In order to reduce this risk, the Group is emphasizing diversification of its revenue</p>	Low

Risk	Description of risk and level of exposure of the Company and Group to the risk	Risk management	Risk level
<b>external securitization funds</b>	<p>reduction in the scale of cooperation or discontinuation of cooperation with entities for which the Group manages debt portfolios, as well as the inability to attract new entities to cooperate in this area, may adversely affect the Group's revenue, which may have a negative impact on the Group's operations, financial position and results of operations. The risk is specific to the Group, which manages debt portfolios as part of its operations, and real, as the termination of cooperation with some investment fund companies in managing debt portfolios of securitization funds has already taken place, although this does not significantly affect the financial position of the Company and the Group.</p>	<p>sources and monitoring the market to establish partnerships with new securitization funds.</p>	
<b>Risk related to the influence of the majority shareholder on the Company</b>	<p>As of the Approval Date, WPEF VI Holding 5 B.V., with its registered office in Bussum, the Netherlands, a member of the Waterland Private Equity Investments B.V. group (hereinafter "Waterland"), holds 7,929,983 shares in the Issuer, representing 61.49% of the Issuer's share capital and representing 61.49% of the total number of votes at the General Meeting. This limits the ability of minority shareholders to influence the Company and the Group, particularly due to the fact that Waterland exercises voting rights on the majority of shares at the General Meeting. Thus, Waterland has a decisive influence on the adoption of resolutions on the payment of dividends or the appointment and removal of members of the Supervisory Board, which has the power to appoint and remove members of the Company's Management Board. Holding a dominant shareholder position allows Waterland to exercise effective control over the Company's and the Group's operations, including - from the position of corporate governance - a fundamental influence on such important issues as management decision-making and the implementation of investment policies and business strategies.</p> <p>The interests of the majority shareholder and the Company coincide and consist of maximizing the Company's value, while the majority shareholder's permissible influence on the Group's operations is regulated by mandatory laws.</p>	<p>It is in the interest of the majority shareholder to maintain its holding of the Company's shares that allows it to control the Company and independently pass resolutions at the General Meeting to the extent required to conduct day-to-day operations in accordance with the Company's interests.</p>	<p>Low</p>
<b>Risk of privileging bondholders of securitization funds in which the Group invests</b>	<p>Due to the business model adopted by the Group, funds raised through bond issues may be used to subscribe for investment certificates of securitization funds that acquire debt portfolios. In addition to issuing investment certificates, which are taken up by the Group, among others, the funds may also raise money by issuing bonds and taking out bank loans up to the amount specified in the Funds Act.</p> <p>Bondholders' receivables from the subscription of the funds' bonds may be privileged in relation to receivables from the Group's investment certificates, which, in the event of liquidity problems or persistent problems with the payment of liabilities by the securitization funds, raises the risk that the funds invested by the Group in the investment certificates may not be recovered, which could have a significant negative impact on the Group's operations, financial position and results of operations.</p>	<p>The Group, being aware of the risk of privileging bondholders of bonds issued by securitization funds, as an investor recommends raising funds from other sources to avoid the risk. The funds whose investment certificates the Group holds as of the Approval Date are not bond issuers.</p>	<p>Low</p>



Risk	Description of risk and level of exposure of the Company and Group to the risk	Risk management	Risk level
<b>Risks related to technology development</b>	<p>There is a risk that new solutions will appear on the market that 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 on creating or developing, will not achieve the expected performance, which would have a negative impact on the recovery of expenditures.</p> <p>Failure to develop and invest in modern IT solutions can result in reduced efficiency in service delivery, which can in turn translate into operational efficiency.</p>	<p>The Group analyzes emerging market trends in the development of information technologies and products and possible ways to use them - especially in the area of FinTech, including AI. In addition, it establishes and maintains business relationships with technology partners to test and implement cutting-edge technologies and ensures that it maintains the high technological level of its own solutions. As part of its IT strategy, the Company has established a team responsible for analyzing, verifying and implementing innovative solutions.</p>	<p>Low</p>
<b>Risk of not obtaining financing for acquisition of new debt portfolios</b>	<p>The Group's main business is the acquisition of debt portfolios for its own account, which requires the commitment of significant financial resources, in part by raising external financing in the form of bank loans and bond issues.</p> <p>It cannot be ruled out that due to the possibility of deterioration in the Group's perception and assessment of its financial credibility in the future, or due to 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 bonds, including their timely redemption.</p>	<p>A factor mitigating this risk is the Company's long history of active participation in the bond issuance market. With regard to the series of bonds issued by the Company that are traded on the stock exchange, the Company holds quarterly meetings with investors, at which it presents current results and business development prospects.</p>	<p>Low</p>

## 2.11. Taxonomy

We have calculated the environmental sustainability activities of the Kredyt Inkaso Group based on:

- Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on establishing a framework to facilitate sustainable investment and amending Regulation (EU) 2019/2088,
- Commission Delegated Regulation (EU) 2021/2139 of 4 June 2021, supplementing Regulation (EU) 2020/852 of the European Parliament and of the Council by establishing technical eligibility criteria for determining the conditions under which an economic activity qualifies as making a significant contribution to climate change mitigation or adaptation, as well as whether that economic activity does not cause serious harm to any other environmental objective,
- Commission Delegated Regulation (EU) 2021/2178 of 6 July 2021 supplementing Regulation (EU) 2020/852 of the European Parliament and of the Council by clarifying the content and presentation of information on environmentally sustainable business activities to be disclosed by companies subject to Article 19a or 29a of Directive 2013/34/EU and specifying the method for fulfilling this disclosure obligation,

- Commission Delegated Regulation (EU) 2022/1214 of 9 March 2022 amending Delegated Regulation (EU) 2021/2139 with respect to economic activities in certain energy sectors and Delegated Regulation (EU) 2021/2178 with respect to public disclosure of specific information with respect to those economic activities.

The guidelines indicated in the aforementioned regulations require companies to disclose whether, and to what extent, their business activities comply with the assumptions of the Taxonomy that classifies and describes environmentally sustainable activities. These Acts define economic activities that can be classified, after meeting the technical and social criteria specified therein, as environmentally friendly. The current technical eligibility criteria are used to determine the conditions under which an economic activity qualifies for the Taxonomy as making a significant contribution to climate change mitigation or adaptation, as well as whether that activity does not cause serious harm against any of the environmental objectives defined in the Taxonomy.

The Group, in accordance with the current technical qualification criteria, has reviewed all the activities indicated in the Taxonomy in relation to the environmental objectives defined therein to determine which activities significantly contribute to climate change mitigation or adaptation. The NACE codes in which the Group's activities fall and whether these sectors are included in the Taxonomy were determined. In the next step, revenue, capital expenditures (CapEx) and operating expenses (OpEx) were allocated to the various activities. In addition, for each type of activity, verification was made that they do not cause serious harm to all environmental objectives (climate change mitigation, climate change adaptation, sustainable use and protection of water and marine resources, transition to a closed-loop economy, pollution prevention and control, and protection and restoration of biodiversity and ecosystems) and ensure compliance with minimum social guarantees in terms of the Group's procedures to ensure compliance with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights, including the principles and rights set forth in the eight fundamental conventions identified in the International Labor Organization's Declaration on Fundamental Principles and Rights at Work and the principles and rights set forth in the International Bill of Human Rights. It was also determined whether these activities are transformational or supportive activities.

The application of responsible business conduct standards is embedded in the Group's organizational culture. These standards are reflected in many internal procedures and processes. The basic documents on responsible and ethical conduct of the Group's business and respect for human rights to assess its activities in accordance with the minimum guarantees indicated in Article 18 of Regulation (EU) 2020/852 of the European Parliament and of the Council are in the area of compliance:

- Code of Ethics,
- Regulations for compliance risk management,
- Regulations for managing conflicts of interest,
- Regulations on corruption risk management,
- Whistleblowing Regulations.

The HR area, in turn, is regulated by, among other things:

- Work regulations and organizational regulations,
- Remuneration regulations,
- Diversity policy with the Responsible Business Forum's Diversity Charter,
- Regulations against mobbing and discrimination in employment.

All the areas indicated above are subject to periodic inspections. It is possible to report irregularities anonymously, and those who report them and those against whom reports have been made are fully protected. Group employees regularly receive training to remind about and reinforce the Group's policies.

### Accounting principles and contextual information

The Group's key performance indicators (revenue, CapEx and OpEx) were calculated in accordance with the guidelines set forth in Commission Delegated Regulation (EU) 2021/2178 and in accordance with the disclosure scheme and scope for non-financial companies set forth in Appendices I and II to Commission Delegated Regulation (EU) 2021/2139.

In order to calculate the proportion of turnover, capital expenditures and environmentally sustainable operating expenses, the same accounting principles were applied to prepare the consolidated annual financial statements of the Group. The calculation of ratios took into account the relevant consolidation exclusions applied as part of the preparation of financial statements. This allowed the identification of amounts related to recognized activities meeting the definitions of Commission Delegated Regulation (EU) 2021/2178 on key performance indicators, i.e.: turnover, capital expenditures (CapEx) and operating expenditures (OpEx), which formed the denominator of each of the three indicators, and the assignment of amounts from all three figures between the groups considered ineligible for systematics, eligible for systematics but not compliant, and compliant with systematics, representing the numerator of each of the three indicators.

With regard to the key performance indicator related to turnover, those net revenues included in the denominator, which relate to activities in line with the systematic, were taken as the numerator of the indicator. Similarly, capital expenditures, which are included in the denominator and which relate to assets or processes related to systematic business activities, were taken as the numerator for the key performance indicator related to capital expenditures (CapEx), and for the key performance indicator related to operating expenditures (OpEx), respectively, operating expenditures, which are included in the denominator and which relate to assets or processes related to systematic business activities.

The analysis did not identify activities contributing to more than one environmental objective, hence no special procedures were applied to avoid double assignment of any value to key indicators.

#### **Key performance indicator related to turnover**

The key indicator related to turnover was calculated as the ratio of the sum of revenues from systematic-eligible activities to the total revenues disclosed in the consolidated financial statements of the Kredyt Inkaso Group under Net Revenues.

The Group's various revenue categories were analyzed for their eligibility for systematics. This process included an analysis of activities eligible for systematics as defined in EU Regulations 2021/2139 and EU 2022/1214.

A detailed breakdown of turnover into turnover from activities rated as environmentally sustainable, turnover from activities eligible for systematics but not environmentally sustainable, and turnover from activities not eligible for systematics is shown in the table: Assessment of the status of Kredyt Inkaso Capital Group's turnover compliance with the taxonomy of environmentally sustainable activities.

#### **Key performance indicator related to capital expenditures (CapEx)**

The key indicator related to capital expenditures was determined by dividing the sum of capital expenditures eligible for systematics to the total expenditures disclosed in the consolidated financial statements of the Kredyt Inkaso Capital Group during the reporting period.

The basis for calculating the key indicator was the Kredyt Inkaso Group's capital expenditures, which include increases in property, plant and equipment, intangible assets and investment properties during the financial year before depreciation, amortization and any revaluations, including those resulting from revaluation and impairment, i.e. including:

- increase in property, plant and equipment according to IAS 16,
- increase in the value of intangible assets according to IAS 38,
- increase in the value of investment properties, including fair value measurement, according to IAS 40,
- increase in right-of-use assets, including leases and long-term rentals, according to IFRS 16.

The numerator of the indicator was assigned that part of CapEx that relates to the types of activities that qualify for systematics, to the denominator of the Group's total capital expenditures.

During the reported period, no capital expenditures were identified that were incurred in connection with a plan to expand systematics-eligible business activities or to enable systematics-eligible activities complying with this systematics nor the expenditures associated with the acquisition of products from business activities in line with the taxonomy and others, enabling it to become a low-carbon activity.

A detailed breakdown of capital expenditures into expenditures from activities rated as environmentally sustainable, expenditures from activities eligible for systematics but not environmentally sustainable, and expenditures from activities not eligible for systematics is shown in the table: Assessment of the status of Kredyt Inkaso Capital Group's capital expenditure (CapEx) compliance with the taxonomy of environmentally sustainable activities.

#### **Key performance indicator related to operating expenses (OpEx)**

The key indicator related to operating expenses was calculated as the ratio of total operating expenses eligible for systematics to total operating expenses disclosed in the consolidated financial statements of the Kredyt Inkaso Group to the extent consistent with the definition of the Disclosure Regulation.

With regard to operating expenses, the basis for calculating the key indicator were operating expenses (OpEx) determined by analyzing the Group's accounting records for expenses:

- related to maintenance and repairs, as well as expenses related to the ongoing operation of property, plant and equipment,
- costs of short-term car rental/leasing (non-capitalized expenses),
- service charges related to the long-term lease of property, plant and equipment,

- property maintenance costs,
- IT infrastructure maintenance costs.

The numerator of the indicator was assigned that part of OpEx that relates to the types of activities that qualify for systematics, all of the Group's operating expenses from the range indicated above to the denominator.

During the reported period, no operating expenses were identified that were incurred in connection with the plan to expand the Group's business activities in line with the systematics or enable activities that qualify for the systematics, adjust to the systematics, nor expenses related to the acquisition of products from taxonomy-compliant business activities and others, enabling them to become low-carbon activities.



A detailed breakdown of operating expenses into expenses from activities rated as environmentally sustainable, expenses from activities eligible for systematics but not environmentally sustainable, and from activities not eligible for systematics is shown in the table: Assessment of the status of Kredyt Inkaso Capital Group's compliance of operating expenses (OpEx) with the taxonomy of environmentally sustainable activities.

### Assessment of the status of Kredyt Inkaso Capital Group's turnover compliance with the taxonomy of environmentally sustainable activities

TURNOVER OF KREDYT INKASO FROM ENVIRONMENTALLY SUSTAINABLE ACTIVITIES																							
Business activity	Code or codes	Turnover (absolute value)	Part of the turnover	Criteria regarding significant contribution						Criteria regarding the principle of "no significant damage"						Minimum guarantees	Percentage of turnover in line with the systematics (year n)	Percentage of turnover in line with the systematics (year n-1)	Category (supporting activities)	Category (transitional activities)			
				Mitigating climate change	Adaptation to climate change	Water and marine resources	Closed-loop economy	Pollution	Biodiversity and ecosystems	Mitigating climate change	Adaptation to climate change	Water and marine resources	Closed-loop economy	Pollution	Biodiversity and ecosystems								
				%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N						Y/N	Y/N	%
<b>ACTIVITIES ELIGIBLE FOR SYSTEMATICS</b>																							
Types of environmentally sustainable activities (activities compliant with the systematics)																							
Acquisition and ownership of buildings	7.7.	0.0	0.0%																T	0.0%	0.0%		
Turnover from environmentally sustainable (activities compliant with the systematics) (A.1)		0.0	0.0%																	0.0%	0.0%		
Activities eligible for systematics, but which are environmentally unsustainable (activities non-compliant with the systematics)																							
Acquisition and ownership of buildings	7.7.	3,280.4	1.5%																T	0.0%	0.0%		
Turnover from activities eligible for systematics but which are environmentally unsustainable (activities non-compliant with the systematics) (A.2)		3,280.4	1.5%																	0.0%	0.0%		
<b>Total (A.1 + A.2)</b>		<b>3,280.4</b>	<b>1.5%</b>																	<b>0.0%</b>	<b>0.0%</b>		
<b>ACTIVITIES NOT ELIGIBLE FOR SYSTEMATICS</b>																							
Turnover from activities not eligible for systematics (B)																							
		215,461.2	98.5%																				
<b>Total (A + B)</b>		<b>218,741.6</b>	<b>100.0%</b>																				



**Assessment of the status of Kredyt Inkaso Capital Group's capital expenditure (CapEx) compliance with the taxonomy of environmentally sustainable activities**

CAPITAL EXPENDITURES OF KREDYT INKASO FROM ENVIRONMENTALLY SUSTAINABLE ACTIVITIES																				
Business activity	Code or codes	Capital expenditure (absolute value)	Percentage share of capital expenditures	Criteria regarding significant contribution						Criteria regarding the principle of "no significant damage"						Minimum guarantees	Percentage share of capital expenditures compliant with the systematics (Year n-1)	Percentage share of capital expenditures compliant with the systematics (Year n)	Category (supporting activities)	Category (transitional activities)
				Mitigating climate change	Adaptation to climate change	Water and marine resources	Closed-loop economy	Pollution	Biodiversity and ecosystems	Mitigating climate change	Adaptation to climate change	Water and marine resources	Closed-loop economy	Pollution	Biodiversity and ecosystems					
		Current (thousand PLN)	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	E	T	
<b>A</b>	<b>ACTIVITIES ELIGIBLE FOR SYSTEMATICS</b>																			
A.1	<b>Environmentally sustainable activities (compliant with the systematics)</b>																			
	Transportation by motorcycles, passenger cars and light commercial vehicles	6.5.	0.0	0.0%													T	0.0%	0.0%	T
	Acquisition and ownership of buildings	7.7.	0.0	0.0%													T	0.0%	0.0%	
	Data processing, hosting and related activities	8.1.	0.0	0.0%													T	0.0%	0.0%	T
	<b>Capital expenditures from environmentally sustainable activities (compliant with the systematics) (A.1)</b>		<b>0.0</b>	<b>0.0%</b>													<b>T</b>	<b>0.0%</b>	<b>0.0%</b>	
A.2	<b>Activities eligible for systematics, but which are environmentally unsustainable (activities in compliance with the systematics)</b>																			
	Transportation by motorcycles, passenger cars and light commercial vehicles	6.5.	1,369.7	10.3%													T	0.0%	0.0%	T
	Acquisition and ownership of buildings	7.7.	8,485.0	63.8%													T	0.0%	0.0%	
	Data processing, hosting and related activities	8.1.	2,264.2	17.0%													T	0.0%	0.0%	T
	<b>Capital expenditures from activities eligible for systematics but which are environmentally unsustainable (activities in compliance with the systematics) (A.2)</b>		<b>12,118.9</b>	<b>91.1%</b>														<b>0.0%</b>	<b>0.0%</b>	
	<b>Total (A.1 + A.2)</b>		<b>12,118.9</b>	<b>91.1%</b>														<b>0.0%</b>	<b>0.0%</b>	
<b>B</b>	<b>ACTIVITIES NOT ELIGIBLE FOR SYSTEMATICS</b>																			
	Capital expenditures from activities not eligible for systematics (B)		1,180.8	8.9%																
	<b>Total (A + B)</b>		<b>13,299.7</b>	<b>100.0%</b>																

**Assessment of the status of Kredyt Inkaso Capital Group's compliance of operating expenses (OpEx) with the taxonomy of environmentally sustainable activities**

OPERATING EXPENSES OF KREDYT INKASO FROM ENVIRONMENTALLY SUSTAINABLE ACTIVITIES																				
Business activity	Code or codes	Operating expenses (absolute value)	Percentage share of operating expenses	Criteria regarding significant contribution						Criteria regarding the principle of "no significant damage"						Minimum guarantees	Percentage share of operating expenses compliant with the systematics (Year n)	Percentage share of operating expenses compliant with the systematics (Year n-1)	Category (supporting activities)	Category (transitional activities)
				Mitigating climate change	Adaptation to climate change	Water and marine resources	Closed-loop economy	Pollution	Biodiversity and ecosystems	Mitigating climate change	Adaptation to climate change	Water and marine resources	Closed-loop economy	Pollution	Biodiversity and ecosystems					
				%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N					
<b>A</b>	<b>ACTIVITIES ELIGIBLE FOR SYSTEMATICS</b>																			
<b>A.1</b>	<b>Types of environmentally sustainable activities (compliant with the systematics)</b>																			
	Transportation by motorcycles, passenger cars and light commercial vehicles	6.5.	0.0	0.0%												T	0.0%	0.0%	T	
	Acquisition and ownership of buildings	7.7.	0.0	0.0%												T	0.0%	0.0%		
	Data processing, hosting and related activities	8.1.	0.0	0.0%												T	0.0%	0.0%	T	
	<b>Operating expenses from environmentally sustainable activities (compliant with the systematics) (A.1)</b>		<b>0.0</b>	<b>0.0%</b>												<b>T</b>	<b>0.0%</b>	<b>0.0%</b>		
<b>A.2</b>	<b>Activities eligible for systematics, but which are environmentally unsustainable (activities in compliance with the systematics)</b>																			
	Transportation by motorcycles, passenger cars and light commercial vehicles	6.5.	264.1	4.3%												T	0.0%	0.0%	T	
	Acquisition and ownership of buildings	7.7.	1,105.6	17.8%												T	0.0%	0.0%		
	Data processing, hosting and related activities	8.1.	4,839.5	77.9%												T	0.0%	0.0%	T	
	<b>Operating expenses from activities eligible for systematics but which are environmentally unsustainable (activities in compliance with the systematics) (A.2)</b>		<b>6,209.2</b>	<b>100.0%</b>													<b>0.0%</b>	<b>0.0%</b>		
	<b>Total (A.1 + A.2)</b>		<b>6,209.2</b>	<b>100.0%</b>													<b>0.0%</b>	<b>0.0%</b>		
<b>B</b>	<b>ACTIVITIES NOT ELIGIBLE FOR SYSTEMATICS</b>																			
	Operating expenses from activities not eligible for systematics (B)		0.0	0.0%																
	<b>Total (A + B)</b>		<b>6,209.2</b>	<b>100.0%</b>																

In the reporting period, the main items of the Group's revenues from the activities included in the systematics were revenues related to the acquisition and ownership of buildings in the amount of PLN 3,280.4 thousand. The share of turnover from systematic-eligible but environmentally unsustainable activities was 1.5% in the period under review, and turnover from non-systematic activities was 98.5%. As a result of the verification of the implemented projects, there were no turnovers that met all the taxonomic criteria to classify them as conforming to the systematics.

The percentage of capital expenditures (CapEx) for systematic-eligible but environmentally unsustainable activities was 91.1%, and capital expenditures from activities not eligible for systematics was 8.9%. No expenditures from sustainable activities (compliant with the systematics) were disclosed.

The analysis also did not reveal operating expenses (OpEx) from environmentally sustainable activities in the Group's total operating expenses. The share of operating expenses from systematic-eligible but environmentally unsustainable activities during the reporting period was 100.0%.

### 3. CAPITAL GROUP'S OPERATIONS

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

The following is a detailed presentation of current data from the consolidated statement of financial position and consolidated income statement and other comprehensive income in relation to comparative data presented in the annual consolidated financial statements of the Kredyt Inkaso Capital Group for the 12-month period ended 31 March 2023. Data in PLN thousand.

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

	31/03/2023	31/03/2022 restated	Change	Change in %
Fixed assets	44,364	49,740	(5,376)	-11%
Current assets	652,051	684,238	(32,187)	-5%
<b>Total assets</b>	<b>696,415</b>	<b>733,978</b>	<b>(37,563)</b>	<b>-5%</b>
<i>including:</i>				
Purchased receivables	593,908	575,287	18,621	3%
Cash and cash equivalents	45,640	98,223	(52,583)	-54%
Own equity	323,037	299,056	23,981	8%
Long-term liabilities	271,769	257,438	14,331	6%
Short-term liabilities	101,609	177,484	(75,875)	-43%
<b>Total liabilities</b>	<b>696,415</b>	<b>733,978</b>	<b>(37,563)</b>	<b>-5%</b>

### Consolidated Statement of Profit or Loss of the Capital Group

	01/04/2022- 31/03/2023	01/04/2021- 31/03/2022 restated	Change	Change in %
Interest income on debt packages calculated using the effective interest rate method	121,224	120,178	1,046	1%
Revaluation of packages	93,619	71,024	22,595	32%
Other revenues/expenses	3,899	6,915	(3,016)	-44%
<b>Total net revenues</b>	<b>218,742</b>	<b>198,117</b>	<b>20,625</b>	<b>10%</b>
Costs of salaries and employee benefits	(54,406)	(48,106)	(6,300)	13%
Depreciation and amortization	(7,642)	(6,971)	(671)	10%
External services	(44,274)	(40,200)	(4,074)	10%
Other operating expenses	(53,836)	(40,352)	(13,484)	33%
<b>Total operating expenses</b>	<b>(160,158)</b>	<b>(135,629)</b>	<b>(24,529)</b>	<b>18%</b>
<b>Profit (loss) on operating activities</b>	<b>58,584</b>	<b>62,488</b>	<b>(3,904)</b>	<b>-6%</b>
Financial revenues	8,658	10,319	(1,661)	-16%
Financial expenses	(41,435)	(33,205)	(8,230)	25%
<b>Profit (loss) before tax</b>	<b>25,807</b>	<b>39,602</b>	<b>(13,795)</b>	<b>-35%</b>
Income tax	(2,572)	(8,919)	6,347	-71%
<b>Net profit (loss)</b>	<b>23,235</b>	<b>30,683</b>	<b>(7,448)</b>	<b>-24%</b>

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

	01/04/2022- 31/03/2023	01/04/2021- 31/03/2022 restated	Change	Change in %
Deposits by debtors	317,503	278,990	38,513	14%
Cash EBITDA	174,549	162,146	12,403	8%
Purchases of debt packages	119,906	35,439	84,467	238%

(\*) For the purpose of presenting key performance indicators, the item cash EBITDA for 2022/23 has been adjusted for a one-time event in the form of the creation of a provision related to a tax audit at KI RUS, and for 2021/22 for the creation of a write-down on goodwill attributable to KI RUS.

	01/04/2022- 31/03/2023	01/04/2021- 31/03/2022 restated	Change	Change in %
<b>Profit (loss) on operating activities*</b>	<b>64,247</b>	<b>67,387</b>	<b>(3,140)</b>	<b>-5%</b>
Interest income on debt packages calculated using the effective interest rate method (-)	(121,224)	(120,178)	(1,046)	1%
Revaluation of packages (-)	(93,619)	(71,024)	(22,595)	32%
Depreciation (+)	7,642	6,971	671	10%
Deposits by debtors (+)	317,503	278,990	38,513	14%
<b>Cash EBITDA</b>	<b>174,549</b>	<b>162,146</b>	<b>12,403</b>	<b>8%</b>

*(\*) For the purpose of presenting key performance indicators, the item cash EBITDA for 2022/23 has been adjusted for a one-time event in the form of the creation of a provision related to a tax audit at KI RUS, and for 2021/22 for the creation of a write-down on goodwill attributable to KI RUS.*

In the year ended 31 March 2023, the Group recorded payments from debt packages of PLN 317.5 million, an increase of PLN 38.5 million (14%) in relation to the previous year. It should be noted that the Group has achieved such high payments from debt packages despite little investment in debt portfolios in recent years - about 83% of recoveries from the current financial year are from older portfolios (i.e. purchased before 04.2020). The intensive portfolio purchases of 2022/23 will only begin to pay off in future periods.

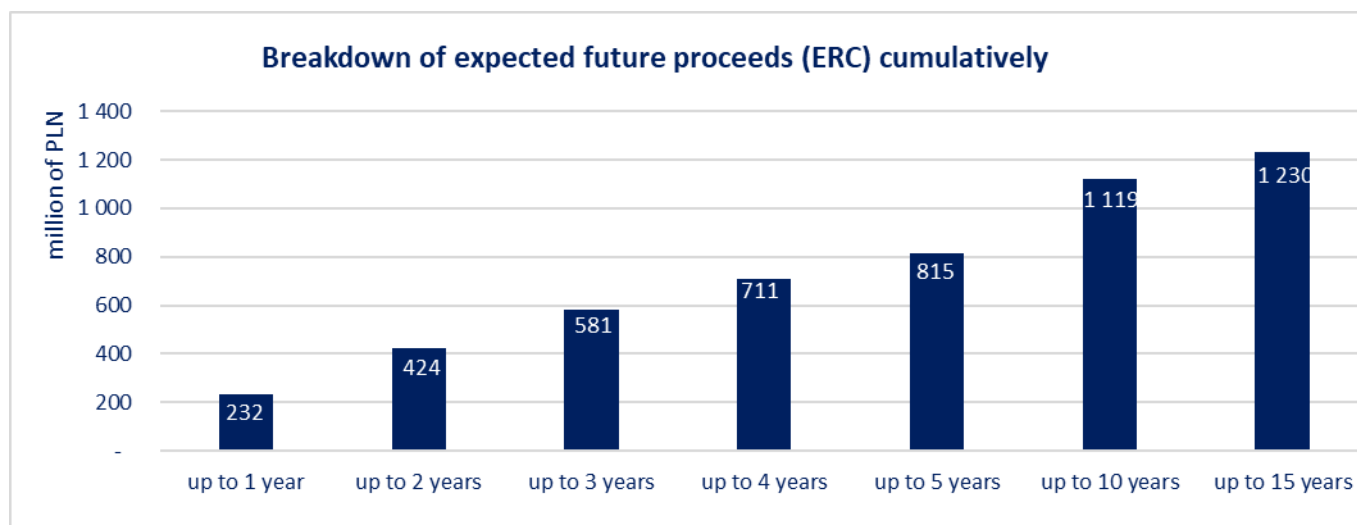
Interest income was slightly higher than in the year-ago period (PLN 121.2 million versus PLN 120.2 million), and the Group's total net income amounted to PLN 218.7 million in the current period versus PLN 198.1 million in the comparative period (10% year-on-year).

Operating expenses in the 2022/23 financial year amounted to PLN 160.2 million, an increase of PLN 24.5 million (18%) in relation to the previous financial year. Salaries (PLN 6.3 million), court and enforcement fees (PLN 9.3 million) and third-party services (PLN 4.1 million) are responsible for most of this increase. The year-on-year increase in costs is due, among other things, to inflationary pressure on salary increases and consistent preparation of the Group's organization for a significant increase in the scale of operations (understood as the value and number of debt portfolios handled), while the increase in court and enforcement fees in future quarters will translate into recoveries in the bailiff channel. The Group monitors the level of operating expenses on an ongoing basis, particularly in the context of the relationship of key cost items to the Group's generated contributions and revenues.

In the 2022/23 financial year, the Group recorded an increase in financial expenses by PLN 8.2 million (25%) from PLN 33.2 million in the year ended 31 March 2022 to PLN 41.4 million, which was a direct result of higher market interest rates on which the Group's external financing is based.

The aforementioned developments affected the Group's operating profit of PLN 58.6 million (-6% y/y) and net profit of PLN 23.2 million (-24% y/y) in the year ended 31 March 2023, compared to operating profit of PLN 62.5 million and net profit of PLN 30.7 million, respectively, in the previous year.

### 3.3. Anticipated future proceeds 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. Significant values based on professional judgment and estimates" and in item "2.4. Accounting principles applied" in the Group's Annual Consolidated Financial Statements for the 12-month period ended on 31 March 2023.

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

- history of past payments in cases with similar characteristics, including the recoveries obtained and the actions that led to them (including their cost),
- balance of receivables,
- stage of the case, including the potential possibility of going to court,
- 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 bailiff enforcement.

### 3.4. Differences between financial results reported in the annual statements and previously published forecasts

The forecast of financial results for the 2022/23 financial year was not published.

### 3.5. Current and expected financial situation

The financial position of the Group is assessed as stable. Over the next 12 months, it is expected to maintain its current financial position, maintain a secure asset and capital structure and maintain its ability to pay its liabilities. In the longer term, the level of the Group's consolidated equity and the availability of debt financing necessary to increase the level of investment in debt portfolios will have a significant impact on maintaining financial performance at a stable level.

No other factors have been identified that, with the current financial policy, could cause a significant reduction in financial standing.



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

### 3.6.1. Changes in the Capital Group

The following changes in the structure of the Kredyt Inkaso Capital Group took place in the financial year ended 31 March 2023:

- the liquidation of the subsidiary Kredyt Inkaso Recovery EOOD in Bulgaria, which began in 2021, which did not conduct operational activities, was completed on 27 January 2023. The liquidation of Kredyt Inkaso Recovery EOOD in Bulgaria is related to the simplification of the Group's structure.
- On 10 February 2023, the name of the Agio Wierzytelności NSFIZ fund was changed to Kredyt Inkaso III NSFIZ.

### 3.6.2. Share issues and operations on treasury shares

There were no share issues or operations on treasury shares in the current financial year.

### 3.6.3. Redemption and issuance of bonds

Date	
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 complete early redemption of series F1 bonds with a nominal value of PLN 75,769 thousand.
28 June 2022	The Group made a timely partial repayment of the face value of series J1 bonds in the amount of PLN 2,787 thousand in accordance with the schedule recorded in the WEO
5 August 2022	Series L1 bearer bonds with a total nominal value of PLN 15,679 thousand were issued
16 August 2022	The Group made full repayment of series E1 bonds in the amount of PLN 6,190 thousand
28 September 2022	The Group made a timely partial repayment of the face value of series J1 bonds in the amount of PLN 2,787 thousand in accordance with the schedule recorded in the WEO
28 December 2022	The Group made a timely partial repayment of the face value of series J1 bonds in the amount of PLN 2,787 thousand in accordance with the schedule recorded in the WEO
28 March 2023	The Group made a timely partial repayment of the face value of series J1 bonds in the amount of PLN 2,787 thousand in accordance with the schedule recorded in the WEO
14 April 2023	Series M1 bearer bonds with a total nominal value of PLN 15,000 thousand were issued
28 June 2023	The Group made a timely partial repayment of the face value of series J1 bonds in the amount of PLN 2,787 thousand in accordance with the schedule recorded in the WEO
12 July 2023	Series N1 bearer bonds with a total nominal value of PLN 18,000 thousand were issued

Funds from the bond issue were used to finance the Group's operations.

## 3.7. Assessment of factors and events, including those of an unusual nature, with a significant impact on operations and financial statements, including profits made or losses incurred during the financial year

### 3.7.1. Russia's invasion of Ukraine

On 24 February 2022, troops of the Russian Federation entered Ukrainian territory, starting hostilities in the region. During the reporting period, the war situation had no further significant negative effects beyond those included in the annual consolidated and standalone financial statements for the year ended 31 March 2022, and the assumptions made, among others, as to the valuation of Russian debt portfolios, remain valid. The unprecedented nature of a war of this magnitude in

the recent history of Poland's environment, as well as the special conditions associated with it regarding the volatility of the economic environment, result in a great deal of uncertainty in the forecasts being prepared.

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

On 3 August 2022, Group entities - Kredyt Inkaso I Niestandaryzowany Sekurytyzacyjny Fundusz Inwestycyjny Zamknięty and Kredyt Inkaso II Niestandaryzowany Sekurytyzacyjny Fundusz Inwestycyjny Zamknięty - concluded a supplementary agreement to the credit line agreement with ING Bank Śląski S.A., based in Katowice. Under the aforementioned agreement, the Bank increased the amount of funds made available to the Funds in total by an amount of PLN 60 million, i.e. to PLN 200 million. The purpose of the above-mentioned funds within the available limit is to finance the purchase of debt portfolios.

In connection with the request submitted to the Parent Company's Management Board by its key shareholders, based on the resolution of the Company's Ordinary General Meeting of 30 September 2022 to initiate a review of strategic options regarding the Company's future in order to resolve the existing situation in the Company's shareholder base, on 4 April 2023, the Management Board signed an agreement with a transaction advisor, and thus decided to begin the process of reviewing strategic options.

As part of the process, to the extent permitted by applicable law, additional information about the Company and its affiliates may be provided to selected entities. In connection with the above, the Management Board engaged a transaction advisor, i.e. Ipopema Securities S.A., based in Warsaw, which, together with other advisors, will support the Management Board in conducting the strategic review.

As of the Approval Date, no decision has been made regarding the selection of a specific strategic option, and it is uncertain if and when such a decision will be made.

### 3.9. Information on agreements that may result in future changes in the proportions of shares held by existing shareholders and bondholders

The Company does not identify agreements, including those entered into after 31 March 2023, which may result in future changes in the proportions of shares held by existing shareholders and bondholders.

### 3.10. Management of financial resources and loans taken out

The Group's subsidiaries, i.e. Kredyt Inkaso I NSFIZ and Kredyt Inkaso II NSFIZ have entered into agreements with ING Bank Śląski S.A. where the bank is to grant credit lines to these funds up to PLN 200 million.

The credits are not promised and the bank has no obligations under the credit agreements, and the use of the granted credit limits requires the bank's prior approval.

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

### 3.11.1. Collateral for the loan agreement with ING Bank Śląski S.A.

On the basis of:

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

Kredyt Inkaso I NSFIZ and Kredyt Inkaso II NSFIZ have established a collateral in favor of the Bank by means of a conditional assignment of receivables constituting collateral under an agreement on the conditional assignment of receivables under certain commercial agreements, so that the total value of the collateral constitutes not less than 150% of the amount of the credit limit used by each of these subsidiaries.

The above credit agreements were collectively replaced by the contents of Supplementary Agreement No. 3 of 31 December 2020 and the subsequent Supplementary Agreements No. 4 of 22 March 2022, No. 5 of 15 April 2022 and No. 6 of 3 August 2022, which stipulate, among other things, that Kredyt Inkaso I NSFIZ and Kredyt Inkaso II NSFIZ have secured the loan granted to the Bank through a conditional assignment of receivables, based on and in accordance with the conditional agreements for the transfer of receivables under certain commercial agreements in such a way that the total value of the receivables constituting the collateral is no less than 150% of the amount of the used credit limit. As of the balance sheet date, the required level of collateral for Kredyt Inkaso I NSFIZ is: PLN 148,877 thousand, for Kredyt Inkaso II NSFIZ PLN 60,453 thousand.

### 3.11.2. Collateral for bond issues

The Company issued series K1 bonds with a total nominal value of PLN 103 million on 28 March 2022. According to the terms of the bond issue - the bonds were issued as unsecured and held such status as of the balance sheet date. In turn, bondholders' claims under the bonds, in accordance with the terms of issue, are subject to collateral established after the issue through the establishment of standard collateral, including, among others, registered pledges governed by Polish or foreign law on debt portfolios and investment certificates that are elements of the balance sheet of the Company or its subsidiaries and other assets of the Company. The total value of collateral after 26 April 2022 should not be less than 150% of the current nominal value of the bonds.

As at the balance sheet date, the minimum total collateral level was PLN 154.5 million.

## 3.12. Ability to implement investment intentions

The Group's current financial position, including its relatively low debt-to-equity ratio, provides a solid foundation for further dynamic growth of the Group by consistently increasing the value of its debt portfolios. In view of the above, the Group positively assesses the possibility of realizing its investment intentions in the next accounting periods.

## 3.13. Information about the agreement with the entity authorized to audit the financial statements

The entity authorized to audit the Consolidated Financial Statements of the Kredyt Inkaso Capital Group and the Standalone Financial Statements of Kredyt Inkaso S.A. for the period from 1 April 2022 to 31 March 2023 and for the period from 1 April 2023 to 31 March 2024 is PKF Consult spółka z ograniczoną odpowiedzialnością Spółka komandytowa, based in Warsaw.

On 5 December 2022, the Company entered into an agreement with PKF Consult spółka z ograniczoną odpowiedzialnością Sp. k. to audit the standalone and consolidated financial statements for the financial year ended 31 March 2023 and the financial year ended 31 March 2024.

The amount of auditor's fees for the semi-annual review and annual audit of the standalone and consolidated financial statements in the financial year ended 31 March 2023 and the preceding year:

<b>Remuneration due for the financial year ending on:</b>	<b>31/03/2023</b>	<b>31/03/2022</b>
Review of semi-annual consolidated financial statements	54	93
Audit of annual consolidated financial statements	148	201
<b>Consolidated statements</b>	<b>202</b>	<b>294</b>
Review of semi-annual standalone financial statements	69	34
Audit of annual standalone financial statements	101	71
<b>Standalone statements</b>	<b>170</b>	<b>105</b>
<b>Additional services</b>	<b>14</b>	<b>52</b>
<b>In total</b>	<b>386</b>	<b>451</b>

The Company's Management Board declares that the selection of the audit firm conducting the audit of the annual financial statements was made by the Supervisory Board in accordance with the regulations, including those relating to the selection and procedure for selecting the audit firm. The audit firm and the members of the team conducting the audit have met the requirements for being able to prepare their impartial and independent report on annual audit of financial statements in accordance with the mandatory regulations, professional standards and principles of professional ethics. The Management Board further declares that the applicable regulations related to the rotation of the audit firm and the key auditor and mandatory grace periods are complied with, and that 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 services other than auditing, including services conditionally exempted from the prohibition of provision by the audit firm. The selection of the auditing firm conducting the audit of the annual financial statements was made in accordance with Kredyt Inkaso S.A.'s policy on the selection of the audit firm. In the current financial year, no non-audit services were provided to Kredyt Inkaso S.A. by the audit firm, or by an affiliate thereof, or by a member of its additional network.

## 3.14. Predicted development of the Capital Group

### 3.14.1. Strategic assumptions of the Capital Group in the following years

The main objective of the Group's activities, after returning to significant investments in debt portfolios, is to continue their dynamic growth in the coming years, mainly in the Polish, Romanian and Bulgarian markets, and to improve net profitability.

The Group intends to successively improve operating margins on its business by increasing the efficiency of the portfolio collection process, optimizing the strategy of collection activities and fully implementing the advanced statistical decision-making models consistently developed in recent years.

An equally important area is the development of information technology and technological innovation. The Group in the Polish market is constantly developing the operating system. In the Romanian market, it plans to migrate the system to the latest version based on cloud solutions, and to implement it in the Bulgarian market. The Group has launched an online customer service portal, first in the Polish market, and then plans similar activities in foreign markets. The modernization of the operating system and the launch of the self-service portal in Romania is planned for 2023, and in Bulgaria the following year.

The Group places significant emphasis on transforming its organizational culture and improving the efficiency of its operational processes and further implementing lean methodologies.

In April 2023, the Parent Company's Management Board decided to initiate the process of reviewing strategic options, in accordance with the resolution of the Company's Ordinary General Meeting of 30 September 2022. By the Approval Date of this report, an agreement had been signed with a transaction advisor who, together with other advisors, will support the Management Board in conducting the strategic review. At present, no decision has been made regarding the selection of a specific strategic option, and it is uncertain if and when such a decision will be made.

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

The external factors driving the Group's growth are:

- the evolution of the approach to debt disposal by universal service providers and the banking sector,
- lack of legal or organizational action on the part of the administration and legislators that could impose formal or de facto restrictions on the disposal or recovery of claims by creditors other than the original creditors,
- macro economic situation that makes it economically rational to continue to raise funds for business development in the form of debt or capital,
- no phenomenon of high inflation in the long term,
- unemployment level,
- no legislative changes resulting in an excessive increase in the tax burden.

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

Among internal factors, the most important for the Group's development are:

- maintaining the ability to handle cases - the efficiency and security of the operation of ICT systems,
- the Group's financial position makes it possible to continue raising funds for business development in the form of debt or equity,
- development of competencies of the human resources to ensure efficient operation of Kredyt Inkaso S.A. as a decision-making center,
- retention of key employees in the Group,
- development of middle management staff.

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

The Kredyt Inkaso Capital Group constantly monitors and manages financial risks to eliminate the risk of events that could have a negative impact on the organization's operations. The Group manages the following risks:

- credit risk
- liquidity risk
- market risk: interest rates, foreign exchange, price changes.

The financial risk management objectives and methods adopted by the Group are described in detail in the note describing financial risk management in the annual consolidated financial statements of the Kredyt Inkaso Capital Group.

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

### 3.16.1. Court and enforcement proceedings

The Group's business model involves purchasing packages of receivables resulting from the sale of universal services (usually from several thousand to even tens of thousands of receivables in a package) and pursuing their payment through the courts. The Group's activities include mass litigation and enforcement proceedings conducted by bailiffs. However, due to the relatively low debt balances, there is no risk of concentration (of one or more bad debts, i.e. with characteristics significantly worse than calculated).

As at the Approval Date, the following court proceedings to which the Group is a party are pending, arising from:

- lawsuit by Best S.A. for revocation of resolutions of the Ordinary General Meeting to which it submitted objections, i.e.: (i) Resolution No. 12/2016 on approval of the Management Board's report on the activities of Kredyt Inkaso S.A. and the standalone financial statements of Kredyt Inkaso S.A. for the financial year beginning 1 April 2015 and ending 31 March 2016, (ii) Resolution No. 13/2016 on approval of the Management Board's report on the Group's activities and the Group's consolidated financial statements for the financial year beginning 1 April 2015 and ending 31 March 2016,, (iii) Resolution No. 15/2016 on granting a discharge to a member of the Management Board for the financial year beginning 1 April 2015 and ending 31 March 2016, (iv) Resolution No. 16/2016 on granting a discharge to a member of the Management Board for the financial year beginning 1 April 2015 and ending 31 March 2016, (v) Resolution No. 17/2016 on granting a discharge to a member of the Supervisory Board for the financial year beginning 1 April 2015 and ending 31 March 2016, (vi) Resolution No. 18/2016 on granting a discharge to a member of the Supervisory Board for the financial year beginning 1 April 2015 and ending 31 March 2016, (vii) Resolution No. 19/2016 on granting a discharge to a member of the Supervisory Board for the financial year beginning 1 April 2015 and ending 31 March 2016, (viii) Resolution No. 20/2016 on granting a discharge to a member of the Supervisory Board for the financial year beginning 1 April 2015 and ending 31 March 2016, (ix) Resolution No. 21/2016 on granting a discharge to a member of the Supervisory Board for the financial year beginning 1 April 2015 and ending 31 March 2016, (x) Resolution No. 22/2016 on granting a discharge to a member of the Supervisory Board for the financial year beginning 1 April 2015 and ending 31 March 2016 (current report No. 93/2016), (xi) Resolution No. 7/2017 on granting a discharge to a member of the Management Board for the performance of his duties, (xii) Resolution No. 8/2017 on granting a discharge to a member of the Management Board for the performance of his duties, (xiii) Resolution No. 9/2017 on granting a discharge to a member of the Management Board for the performance of his duties, (xiv) Resolution No. 14/2017 on granting a discharge to a member of the Supervisory Board for the financial year beginning 1 April 2016 and ending 31 March 2017, (xv) Resolution No. 15/2017 on granting a discharge to a member of the Supervisory Board for the financial year beginning 1 April 2016 and ending 31 March 2017 (current report 65/2017), (xvi) Resolution No. 4/2018 on approval of the standalone financial statements of Kredyt Inkaso S.A. for the financial year beginning 1 April 2017 and ending 31 March 2018, (xvii) Resolution No. 5/2018 on approval of the consolidated financial statements of the Group for the financial year beginning 1 April 2017 and ending 31 March 2018, (xviii) Resolution No. 6/2018 on approval of the Management Board's report on the activities of the Company and the Group for the financial year beginning 1 April 2017 and ending 31 March 2018 (current report No. 56/2018). On 14 May 2021, the District Court in Warsaw, 20th Commercial Division issued a decision to discontinue the proceedings with respect to resolutions 15/2016 and 7/2017 due to the irrelevance of further proceedings with respect to these resolutions, in view of the fact that the Company's Ordinary General Meeting of Shareholders adopted Resolution No. 17/2020 dated 27 November 2020 on amending the resolutions on granting discharge to the former aforementioned Member of the Management Board, by virtue of which the discharges granted to him for the periods indicated above were revoked;
- lawsuit by Best S.A. of 9 January 2019 for payment jointly and severally by the Company, Paweł Szewczyk, Jan Paweł Lisicki and Grant Thornton Frąckowiak spółka z ograniczoną odpowiedzialnością sp. k. of the amount of PLN 51,847,764, but with respect to Grant Thornton Frąckowiak spółka z ograniczoną odpowiedzialnością sp. k. the plaintiff limits the demand to the amount of PLN 2,260,000 and the costs of court proceedings 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 the Company's shares at an inflated price, determined on the basis of the Company's financial statements for the 2014/2015 financial year, which were adjusted in subsequent financial years. Kredyt Inkaso S.A. considers BEST S.A.'s claim to be unfounded, as reported in Current Report No. 8/2019;
- lawsuit by Best S.A. of 28 June 2019, seeking a declaration of invalidity or, alternatively, revocation of Resolution No. 4/2019 of the Extraordinary General Meeting of Kredyt Inkaso S.A., adopted on 30 May 2019, on approval of transactions resulting in the encumbrance of the company's assets or those of other entities in the Company's capital group in connection with the Company's issuance of series F1 bonds. The Company considers the demand contained in the lawsuit to be unfounded and, together with its attorney, is actively opposing them in the court proceedings (Current Report No. 34/2019);
- Best S.A.'s request to appoint Rödl Kancelaria Prawna sp. k. and Roedl Audit sp. z o.o. jointly as special auditor. The Company, as well as its Supervisory Board, considers the aforementioned request to be unfounded and is actively participating in the legal proceedings (current report No. 40/2022, No. 66/2022, No. 3/2023 and No. 4/2023);
- John Harvey van Kannel's lawsuit against the Company to establish the existence of the resolution to dismiss Maciej Jerzy Szymański from the Company's Management Board, and (ii) to declare invalid the resolution No. 38/2020 of the Company's Ordinary General Meeting of 27 November 2020 on the appointment of Daniel Dąbrowski to the Company's Supervisory Board for a new term of office. The request to grant a collateral in this case was legally dismissed in its entirety, about which the Company informed in current report No. 11/2021 dated 29 April 2021. The Company considers the demands contained in the lawsuit to be completely unfounded and intends to oppose them by actively participating in the court proceedings (current report No. 26/2021). BEST Capital FIZAN is acting in this case as a side intervener on the plaintiff's side;



- The case arising from John Harvey van Kannel's second lawsuit against the Company to declare invalid the resolution No. 12/2021 of the Company's Extraordinary General Meeting of 24 May 2021 on the appointment of Daniel Dąbrowski as a member of the Company's Supervisory Board, about which the Company informed in current report No. 31/2021 dated 23 August 2021, has been concluded with a favorable judgment of the Court of Appeals issued on 4 April 2023, dismissing John Harvey van Kannel's appeal in its entirety (current report No. 8/2023);
- The lawsuit against the defendants jointly and severally: Best S.A. and Mr. Krzysztof Borusowski for an award of PLN 60,734,500 jointly and severally from the Defendants in favor of the Company, together with statutory interest for delay calculated from the date of filing the lawsuit until the date of payment, an award of the Defendants jointly and severally in favor of the Company for reimbursement of the costs of the lawsuit, according to the prescribed norms, unless a statement of costs is submitted at the last hearing. The amount demanded arises from the Company's claim against the Defendants for compensation for damage caused to the Company as a result of the dissemination by the Defendants of false and slanderous information: concerning the Company's Management Board, alleged irregularities in the Company, alleged falsification of financial statements and the lack of authority of the Company's Management Board to act on its behalf, which, according to the Company, was the direct cause of the 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 concluded with the Company for the management of debt portfolios and legal service agreements. The amount of the claim is the sum of the actual losses incurred by the Company and its estimated lost benefits in future years, about which the Company informed in current report No. 57/2016 dated 10 August 2016, and additionally estimated lost benefits, due to, among other things, the termination of management agreements by Lumen Profit 14 NS FIZ, Lumen Profit 15 NS FIZ, Lumen Profit 16 NS FIZ. The Company informed about the reasons and the impact of the termination of the aforementioned agreements on the Company's financial situation, including in particular the loss of further systematic income as well as the possibility of the Company going to court to pursue relevant compensation claims, in the Consolidated Quarterly Report for the first quarter of the 2016/2017 financial year released to the public on 12 August 2016;
- The Company's lawsuit against joint and several Defendants Paweł Szewczyk, Ion Melnic and KI Servcollect SRL for an order that the Defendants jointly and severally pay the Company the amount of PLN 21,320,000 as compensation for indirect damages that the Company suffered as a result of the Defendants' actions, with statutory interest for delay calculated from 26 May 2020 to the date of payment, PLN 30,000 as reimbursement of the costs incurred by the Company for the preparation of a private expert opinion on business valuation, with statutory interest for delay calculated from the date of delivery of the copy of the lawsuit to the last of the Defendants to the date of payment, and PLN 44,000 as reimbursement for the cost of providing certified translations of the lawsuit and some of the appendices to the lawsuit, with statutory interest for delay calculated from the date of delivery of the copy of the lawsuit to the last of the Defendants to the date of payment. Along with the lawsuit, the Company sought injunctive relief for the above claims (Current Report No. 13/2020). The Company's request for injunctive relief was dismissed by the Court and, as the complaint filed by the Company's attorney was rejected by the Court of Second Instance, this decision should be considered final;
- lawsuit by two members of the Supervisory Board to rescind the resolution of the group of shareholders entitled to elect members of the Supervisory Board by separate group voting No. 13/2021 of the Company's Extraordinary General Meeting of 24 May 2021 on the appointment of Mr. Karol Szymański to the Company's Supervisory Board for a new term of office and granting him the authority to permanently perform supervisory activities on an individual basis. The Company intends to actively participate in the legal proceedings (Current Report No. 53/2021);
- lawsuit by two members of the Supervisory Board to rescind the resolution of the group of shareholders entitled to elect members of the Supervisory Board by separate group voting No. 6/2022 of the Company's Extraordinary General Meeting of 25 April 2022 on the appointment of Mr. Karol Szymański to the Company's Supervisory Board for a new term of office and granting him the authority to permanently perform supervisory activities on an individual basis. In an order dated 6 July 2022, the Court granted security for the plaintiffs' claim for revocation of the aforementioned resolution by suspending its effectiveness until the lawsuit is legally concluded. The Company intends to actively participate in the legal proceedings (Current Report No. 36/2022);

### 3.16.2. Tax proceedings

Kredyt Inkaso S.A. on 30 September 2013 concluded a Sub-Participation Agreement with Kredyt Inkaso Portfolio Investments (Luxembourg) S.A. (hereinafter, respectively: "Agreement" and "Sub-participant"). The tax consequences of entering into the Agreement covered the tax years from 1 April 2013 to 31 March 2014, 1 April 2014 to 31 March 2015 and 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 receivables understood as proceeds from repayments on receivables and charges for costs and expenses. Under the Agreement, Kredyt Inkaso S.A. transferred to the Sub-Participant the exclusive right to cash flows from the receivables



comprising the receivables portfolio listed in the appendix to the Agreement (hereinafter: "Debt Portfolio"). In exchange for the transfer of the right to cash flows from the receivables, the Sub-Participant agreed to pay Kredyt Inkaso S.A. a price. The price was settled by the Sub-Participant on 13 June 2014.

On 12 April 2016, Kredyt Inkaso S.A. applied for an individual interpretation in this regard. In the individual interpretation of the Director of the Tax Chamber in Warsaw, issued on July 21, 2016, following the request of Kredyt Inkaso S.A., ref. IPPB3/4510-418/16-3/JBB (hereinafter: "Interpretation") it was indicated that: "Thus, Kredyt Inkaso S.A. should recognize tax income from the price on a cash basis, i.e. on the date of receipt of the payment - in the present case, on the date of payment of the Price by setting it off against Kredyt Inkaso S.A.'s liability for the subscription price of the bonds issued by the Sub-Participant. (...) In turn, by transferring to the Sub-Participant, in accordance with the terms of the sub-participation agreement, the amounts constituting benefits from the receivables, Kredyt Inkaso S.A. will be entitled to recognize the transferred amounts as deductible expenses and recognize them in the tax bill when incurred", - "the stance of Kredyt Inkaso S.A. assuming that no income is recognized from repayments of receivables (previously acquired from the original creditor) (...) is incorrect. It is not possible to agree with Kredyt Inkaso S.A. that the exclusion of the receivables in question from the balance sheet may prejudice the tax qualification of a given gain", - "The expenses in question, i.e. the purchase price and Direct Collection Expenses, which were incurred by the Company up to the conclusion of the sub-participation agreement, are directly related to the receivables (their acquisition and collection) that are the subject of the sub-participation agreement, and not to the event of transferring the rights to cash flows from the receivables to the sub-participant. (...) Thus, these expenses will be tax deductible expenses of a direct nature when the debtors make repayments of these receivables or sell the receivables".

After delivery of the Interpretation, Kredyt Inkaso S.A. decided to comply with the Interpretation, which resulted in the need to file CIT-8 tax return adjustments for the tax years: from 1 April 2013 to 31 March 2014, 1 April 2014 to 31 March 2015 and 1 April 2015 to 31 March 2016, and to pay corporate income tax with interest. At the same time, in a letter dated 17 October 2016, the Company filed a complaint against the individual interpretation with the Provincial Administrative Court in Warsaw (hereinafter: "WSA"). In a judgment dated 22 November 2017, the WSA revoked the interpretation (ref. III SA/Wa 3503/16, hereinafter: "WSA Ruling"). The tax authority filed a timely cassation complaint and the case was referred to the Supreme Administrative Court (hereinafter: "NSA"). In a judgment dated 8 October 2020 (ref. II FSK 1615/18), NSA overturned the WSA Ruling and remanded the case to the WSA for reconsideration. In a judgment dated 27 April 2021, WSA revoked the interpretation (ref. III SA/Wa 597/21, hereinafter: "Second WSA Ruling"). On 22 June 2021, Kredyt Inkaso S.A. received a written justification of the Second WSA Ruling. Its substantive content confirms the correctness of the position presented by the Company in its request for an Interpretation. Notwithstanding the above, the Company maintains the allegations of violations of procedural regulations in the course of issuing the Interpretation described in detail in the complaint dated 17 October 2016. In connection with the above, on 22 July 2021, the Company filed a cassation complaint with NSA against the Second WSA Ruling. In addition, on 11 August 2021, the Company was served with a copy of the tax authority's cassation complaint to NSA against the Second WSA Ruling. In a judgment dated 10 December 2021 (ref. II FSK 1143/21), NSA reversed the Second WSA Ruling on procedural grounds and remanded the case to WSA for reconsideration. In a judgment dated 27 April 2022, WSA dismissed the complaint of Kredyt Inkaso S.A. (ref. III SA/Wa 485/22, hereinafter: "Third WSA Ruling"). On 9 June 2022, Kredyt Inkaso S.A. received a written justification of the Third WSA Ruling. Its substantive content confirms that the Tax Authority, in issuing the Interpretation, violated the principle of issuing an individual interpretation only on the basis and within the limits of the request for its issuance. However, this violation, in the assessment of the WSA, did not affect the outcome of the case. On the other hand, referring to the basic issue in dispute in the case (i.e., the date of recognition of tax income on the price of the sub-participation agreement in question), WSA stressed that NSA, in overturning the Second WSA Ruling, in no way prejudged the above issue, leaving it to WSA's judgment. Dismissing the complaint, WSA also indicated that it did not share the position of NSA in a similar case (ref. II FSK 3299/17) essentially confirming the position of Kredyt Inkaso S.A. Therefore, this judgment of NSA was not applicable to the present case in the opinion of WSA. Kredyt Inkaso S.A. intends to file a cassation complaint with the NSA within the statutory deadline, after reviewing the Third WSA Ruling.

In the complaint, the Company raised allegations of violations of substantive law, based in particular on the substantive position of NSA in a similar case (ref. II FSK 3299/17), as well as allegations of violations of procedural rules, including the need to comply with the principle of issuing an individual interpretation only on the basis and within the limits of the request for its issuance. In addition, on 10 August 2022, the Company was served with the Tax Authority's response to the cassation complaint filed, which requested that the Company's cassation complaint be dismissed.

The Company's cassation complaint was dismissed by NSA in a ruling of 8 November 2022. This decision of NSA means termination of the dispute regarding the correctness of the position of the Director of the Tax Chamber in Warsaw contained in the Interpretation appealed by Kredyt Inkaso S.A. It should be pointed out that after delivery of the Interpretation, Kredyt Inkaso S.A. decided to comply with the Interpretation, which resulted in the need to file in 2016 CIT-8 tax return adjustments for the tax years: from 1 April 2013 to 31 March 2014, 1 April 2014 to 31 March 2015 and 1 April 2015 to 31 March 2016, and to pay corporate income tax with interest. Therefore, the NSA ruling in question did not result in the need for Kredyt Inkaso S.A. to adjust its corporate income tax settlements, and the Company's corporate income tax settlements are in line with the position of the Director of the Tax Chamber in Warsaw contained in the Interpretation.

On 29 December 2022, Kredyt Inkaso RUS Limited Liability Company (LLC) ("KI RUS") received a notice of inspection from the Interdistrict Inspectorate of the Federal Tax Service. The subject of the audit were all taxes and fees, as well as insurance premiums for the period from 1 January 2019 to 31 December 2021. On 22 June 2023, the protocol of the aforementioned tax audit was issued, in which the settlements between KI RUS and Kredyt Inkaso Portfolio Investments (Luxembourg) Societe Anonyme (hereinafter: "KI LUX") under receivables assignment agreements entered into between the companies on 16 May 2014 and 2 July 2014, and an agency agreement dated 5 May 2014 were questioned.

The following arrears amounts were indicated in the tax audit report:

- 19,443,349 rubles for underreporting corporate income tax for 2019-2021 plus a fine at a rate of 40%, the amount of which according to the company's calculations is 7,777,341 rubles,
- 28,650,930 rubles for the payer's failure to collect withholding tax on payments to KI LUX plus a fine at a rate of 20%, the amount of which according to the company's calculations is 5,730,186 rubles, and

value-added tax overpayment for 2019-2021 in the amount of RUB 2,330,579.

KI RUS is in the process of analyzing the content of the allegations raised in the audit report and is enlisting the help of local tax and legal advisors. To date, KI RUS has not decided on a process strategy in connection with the protocol received. Regardless of the legal steps taken, as of 31 March 2023, the Group has set up a provision to cover the charges raised in the amount of 79,800,499.28 rubles, which is equivalent to PLN 4,476,808.01 at the exchange rate as of 31 March 2023.

## 3.17. Inspection proceedings

There were no significant inspections or investigations during the reporting period.

## 4. STATEMENT ON THE APPLICATION OF CORPORATE GOVERNANCE

### 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 Practices of WSE Listed Companies 2021", which is an appendix to the resolution of the Exchange Council No. 13/1834/2021 dated 29 March 2021, which came into force on 1 July 2021. The set is published 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 the NewConnect Market.

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

### 4.2. Declaration of application of a set of corporate governance principles

The Company does not apply the corporate governance principles listed below, contained in the document "Best Practices of WSE Listed Companies 2021" (for the period 04.2022-03.2023).

Information policy and communication with investors

**1.3.** In its business strategy, the company shall also take into account ESG issues; particularly, they shall comprise:

**1.3.1.** environmental issues that include measures and risks associated with climate change and sustainable development issues;

**Justification:** The Company does not include the issues mentioned in item 1.3.1 in the content of its business strategy. Given the industry in which the company operates, its impact on climate change and sustainability is negligible.

**1.3.2.** social and employee-related issues, concerning, inter alia, undertaken and planned activities aimed at ensuring gender equality, proper working conditions, respect for employees' rights, dialogue with local communities, relations with clients.

**Justification:** The Company does not include the issues mentioned in item 1.3.2 in the content of its business strategy.

**1.4.** To ensure proper communication with stakeholders regarding the adopted business strategy, the company shall publish on its website information on the assumptions of its strategy, measurable objectives, including, in particular, long-term objectives, planned activities and progress in its pursuit, determined by means of measures – both financial and non-financial. Information on the strategy with regard to the ESG should, inter alia:

**Justification:** The Company has an internal document that constitutes its strategy for operations. The Company does not communicate forecasts and the status of its strategy in terms of figures.

**1.4.1.** clarify to what extent climate change issues are taken into account in the decision-making processes in the company and entities incorporated in its group while pointing to the resulting risks;

**Justification:** The Company has an internal document that constitutes its strategy for operations. The Company does not communicate forecasts and the status of its strategy in terms of figures. ESG issues are part of the quarterly reports. However, the Company will verify whether changes should be made to the content of the quarterly reports so that the issues referred to in item 1.4.1. are fully included in its content.

**1.4.2.** show the value of the ratio of equal remunerations paid to its employees, calculated as the percentage difference between the average monthly remuneration (including bonuses, awards and other allowances) of females and males for the last year, as well as provide information on activities taken to remedy any inequalities in this respect, along with the presentation of related risks and the time horizon in which it is planned to bring about equality.

**Justification:** The Company does not apply the above rule. The Company has an internal document that constitutes its strategy for operations. The Company does not communicate forecasts and the status of its strategy in terms of figures. ESG issues are part of the quarterly reports. However, the Company will verify whether changes should be made to the content of the quarterly reports so that the issues referred to in item 1.4.2. are fully included in its content.

## 4.3. Management Board and Supervisory Board

**2.1.** The company should have in place a diversity policy towards the management board and the supervisory board, adopted by the supervisory board or the general meeting, respectively. The diversity policy shall define the goals and criteria of diversity, including but not limited to, in such areas as gender, field of education, specialist knowledge, age and professional experience, as well as shall indicate the date and method of how the achievement of these goals should be monitored. With regard to gender diversity, the share of minorities in a given body at a level not lower than 30% shall be a prerequisite for ensuring the diversity of company bodies.

**Justification:** The Company does not have an internal regulation on diversity regarding the Management Board and the Supervisory Board. The composition of the Management Board is gender-diverse (gender parity is 50% women and 50% men). The internal regulation of diversity regarding the Management Board and the Supervisory Board will be developed at a later date.

**2.2.** Decision-makers on the selection of members of the management board or supervisory board of the company should make sure that these bodies are versatile by selecting those persons who ensure diversity in their composition, while rendering it possible, inter alia, to achieve the target minimum minority share ratio set at a level not lower than 30%, in line with the goals set out in the adopted diversity policy referred to in rule 2.1.

**Justification:** The Company does not have an internal regulation on diversity regarding the Management Board and the Supervisory Board. The composition of the Management Board is gender-diverse (gender parity is 50% women and 50% men). The internal regulation of diversity regarding the Management Board and the Supervisory Board will be developed at a later date.

## 4.4. General Meeting of Shareholders and relations with shareholders

**4.1.** The Company should enable its shareholders to participate in the general meeting of shareholders held online (e-general meeting), if it is justified in view of the shareholders' expectations reported to the company, provided that the company has the capacity to provide the technical infrastructure necessary to conduct such a general meeting.

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

**4.3.** The Company ensures that the general meeting of shareholders is broadly accessible in real-time.

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

## 4.5. Remuneration

**6.2.** Incentive schemes should be designed in such a way as to, inter alia, make the level of remuneration of the management board members and its key managers dependent on the actual, long-term situation of the company in terms of financial and non-financial results, on the long-term increase in value for shareholders and sustainable development, as well as with regard to the company's stability.

***Justification:** The level of remuneration with respect to members of the Management Board does not depend on the Company's actual long-term financial position and long-term growth in shareholder value and the stability of the company's operations. This is due to the fact that the company's shareholders have not reached an agreement on this issue. With regard to key managers and employees, the principle is applied.*

**6.3.** If one of the incentive schemes in place at the company is a management option scheme, then the implementation of the option scheme should be conditional upon achieving by the eligible persons, within at least 3 years, pre-determined, realistic and appropriate financial and non-financial goals for the company as well as achieving sustainable development, whereas the purchase price of shares for the eligible persons or the settlement of options may not differ from the value of the shares in the period when the scheme has been adopted.

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

## 4.6. Main features of internal control and risk management systems in relation to the process of preparing financial statements

The process of preparing 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 forth in the item on "Description of Audit Committee's Operations" 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 resulting therefrom and their percentage share in the total number of votes at the general meeting.

Shareholders holding shares and respectively votes at the Company's General Meeting of Shareholders as of the Approval Date.

	Number of shares	% of capital held	Number of votes	% of voting rights held
WPEF VI Holding 5 B.V.	7,929,983	61.49%	7,929,983	61.49%
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	5.37%	693,153	5.37%
<b>In total</b>	<b>12,897,364</b>	<b>100.00%</b>	<b>12,897,364</b>	<b>100.00%</b>

## 4.8. Statement of ownership of the Company's shares or rights to them by the Company's management and supervisory personnel

As of the balance sheet date of 31 March 2023, none of the members of the Management Board or Supervisory Board held any shares in the Company or other rights to such shares.

## 4.9. Indication of the holders of any securities that give special control rights, with a description of these rights.

To the best of the Company's knowledge, no securities giving special control rights to the Company had been established by the Approval Date.

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

To the best of the Company's knowledge, no restrictions on the exercise of voting rights attributable to shares had been established by the Approval Date.

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

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

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

### 4.11.2. Lock-up share sale ban agreements and the parties involved. Content of the agreement and exceptions to it. Indication of the period covered by the sales ban

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

### 4.11.3. Description of the rules for the appointment and dismissal of managers and their powers, in particular the right to decide on the issuance or buyback of shares.

According to the Articles of Association, the Company's Management Board 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 the Company's transformation). The term of office of the Management Board is three years and is a joint term. Members of the Management Board may be dismissed at any time before the expiration of their term of office.

The powers of the members of the Management Board are described in the item describing the composition of the Management Board and changes therein during the last financial year, as well as a description of the activities of the Company's management, supervisory or administrative bodies and their committees.

## 4.12. Description of the rules for amending the Company's Articles of Association or Memorandum of Association

Pursuant to § 7 par. 7 item 8 of the Articles of Association of Kredyt Inkaso S.A., amendment of the Articles of Association lies within the competence of the General Meeting. Such an amendment in accordance with § 7 par. 9 item 1 letter a. is adopted by a ¾ majority of the votes cast and requires entry in the register.

## 4.13. The manner of operation of the General Meeting and its basic powers, as well as a description of the rights of shareholders and the manner of exercising them, in particular, the rules arising from the regulations of the General Meeting

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

The General Meeting may be ordinary or extraordinary. The Ordinary 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 convening the Meeting should specify the matters to be discussed; the request does not require justification. The Supervisory Board has the right to convene an Ordinary General Meeting of Shareholders if the Management Board fails to convene it on time, and an Extraordinary General Meeting whenever it deems it advisable to convene it. Shareholders representing at least half of the share capital or at least half of the total votes in the company may convene an Extraordinary General Meeting. The Shareholders may participate in the General Meeting and exercise their right to vote in person or via their proxies. The power of attorney to attend the General Meeting must be granted in writing or in electronic form by fax. Subject to contrary provisions of the Commercial Companies Code and the Articles of Association, resolutions of the General Meeting are adopted by a majority of more than 60% (sixty percent) of the votes cast, with "affirmative", "negative" and "abstaining" votes being considered as votes cast. Voting at the General Meeting of Shareholders is open. A secret ballot is ordered for elections and on motions to remove members of the Company's authorities or liquidators, or to hold them accountable, as well as on personnel matters.

The competencies of the General Meeting include, in particular, the following matters:

- considering and approving the financial statements for the Company's most recent financial year, the report on the Company's operations; and the consolidated financial statements of the Group and the report on the Group's operations for the previous financial year,
- discharging members of the Company's Supervisory Board and members of the Company's Management Board for the performance of their duties,
- deciding on the distribution of profit and the coverage of losses, as well as the manner of use of funds created from profit, subject to special provisions regulating differently the manner of use of such funds,
- appointing members of the Supervisory Board and setting the rules for remuneration of Supervisory Board members,
- increasing and reducing the share capital, unless the provisions of the Commercial Companies Code and the Articles of Association provide otherwise,
- any decisions concerning claims for compensation for damage caused in the formation of the Company and in the exercise of supervision or management,
- giving consent to the sale and lease of the company's enterprise or an organized part thereof and to establish a limited right in rem thereon,
- amending the Articles of Association,
- establishing and reversing reserve capitals and other capitals and funds of the Company,
- deciding on the redemption of shares and the purchase of shares for redemption and determining the conditions for their redemption,
- issuing convertible or priority bonds,
- dissolving, liquidating and transforming the Company and merging it with another company,
- adopting regulations of the Supervisory Board and the General Meeting,
- expressing the consents referred to in § 8 par. 8a item 2) of the Articles of Association,
- approving transactions that result in the 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 that are the subject of the transaction, based on one or more related legal actions, exceeds the equivalent of 20% of the Company's consolidated equity as of the end of the calendar quarter preceding the date of the legal action, or in the case of several related legal actions, as of the end of the calendar quarter preceding the date of the last legal action.

A shareholder of the Company holding dematerialized shares is entitled to a registered certificate of the right to participate in the Company's General Meeting. The entity maintaining the securities account issues a registered certificate of the right to participate in the General Meeting at the request of a person entitled under the Company's dematerialized bearer shares submitted no earlier than after the announcement of the convening of the General Meeting and no later than on the first business day after the date of registration of participation in the General Meeting.

Prior to each General Meeting, a list of shareholders entitled to participate in the General Meeting should be prepared. The list signed by the Management Board should be displayed at the Company's premises for a period of three weekdays preceding the holding of the Meeting. Shareholders may inspect the list at the Company's premises and request a copy of the list against reimbursement of the cost of its preparation or that the list of shareholders be sent free of charge by e-mail, specifying the address to which the list should be sent. At the General Meeting, immediately after the election of the Chairperson, an attendance list should be prepared, including a roster of participants, listing the number of shares each of them represents and the votes they are entitled to, signed by the Chairperson of the General Meeting. At the request of shareholders holding at least 1/10th of the share capital represented at the General Meeting, the attendance list should be checked by a committee of at least three persons selected for this purpose. Requesters have the right to choose one member of the committee.



The General Meeting is convened by an announcement made on the Company's website and in the manner prescribed for the provision 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 place 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 of participation in the General Meeting,
- information that only persons who are shareholders of the company on the date of registration for the General Meeting have the right to participate in the General Meeting,
- an indication of where and how a person entitled to participate in the General Meeting may obtain the full text of the documentation to be presented to the General Meeting and draft resolutions or, if no resolutions are to be adopted, the comments of the Company's Management Board or Supervisory Board on matters placed on the agenda of the General Meeting or matters to be placed on the agenda prior to the date of the General Meeting,
- an indication of the address of the website where information on the General Meeting will be made available.

In the case of an intended amendment to the Articles of Association, reference should be made to the existing regulations, as well as to the content of the proposed amendments. A shareholder or shareholders representing at least one-twentieth of the share capital may request the inclusion of certain matters on the agenda of the next General Meeting no later than twenty one days before the General Meeting. The request must include a statement of reasons or a draft resolution concerning the proposed item of the agenda. The Management Board is obliged to promptly, no later than eighteen days before the scheduled date of the General Meeting, announce changes to the agenda, introduced at the request of shareholders. The announcement is made in a manner appropriate to the convening of the General Meeting. A shareholder or shareholders representing at least one-twentieth of the share capital may, prior to the date of the General Meeting, submit to the Company, in writing or by means of electronic communication, draft resolutions concerning the matters placed on the agenda of the General Meeting or matters to be placed on the agenda. The Company immediately publishes draft resolutions on its website. During the General Meeting, each Shareholder may submit draft resolutions concerning matters included on the agenda.

Pursuant to Article 405 of the Commercial Companies Code, the General Meeting may also adopt resolutions without being formally convened if the entire share capital is represented and none of those present has objected to the holding of the General Meeting or the inclusion of particular matters on the agenda. The General Meeting is valid regardless of the number of shares represented at it, unless otherwise provided by the Commercial Companies Code or the Articles of Association.

#### 4.13.2. Description of shareholders' rights and how to exercise them

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

Property rights attached to the Company's shares include:

- the right to dividends, i.e. a share of the Company's profit, as shown in the audited financial statements, allocated by the General Meeting for payment to shareholders (Article 347 of the Commercial Companies Code). Profit is distributed in proportion to the number of shares. The Company's Articles of Association do not provide for any privileges with regard to this right, which means that each share is entitled to dividends in the same amount. Those entitled to dividends for a given financial year are shareholders who were entitled to shares on the dividend date set by the General Meeting. The Ordinary General Meeting also determines the date on which dividends are to be paid (Article 348 § 3 of the Commercial Companies Code). Following the adoption of a resolution to allocate profit for distribution, shareholders acquire a claim to dividends. The claim for payment of dividends becomes due on the date specified in the resolution of the General Meeting and is subject to the statute of limitations under the general rules. No other right to profit sharing is attached to the Company's shares.
- Pre-emptive right to acquire new shares in relation to the number of shares held (pre-emptive right); subject to the requirements referred to in Article 433 of the Commercial Companies Code, a Shareholder may be deprived of this right in part or in whole in the interest of the Company by a resolution of the General Meeting adopted by a majority of at least four-fifths of the votes; the provision on the necessity of obtaining a majority of at least 4/5 of the votes does not apply if the resolution on increasing the share capital stipulates that the new shares are to be acquired in full by a financial institution (sub-company), with the obligation to offer them subsequently to the shareholders in order to enable them to exercise their pre-emptive right under the terms and conditions specified in the resolution, and if the resolution stipulates that the new shares are to be acquired by the sub-company in the event that the shareholders who are entitled to pre-emptive rights do not acquire some or all of the shares offered to them; shareholders may be deprived of their pre-emptive rights to shares if this has been announced in the agenda of the General Meeting of Shareholders.

- The right to participate in the Company's assets remaining after satisfying or securing creditors in the event of its liquidation (Article 474 of the Commercial Companies Code); The Articles of Association of Kredyt Inkaso S.A. do not provide for any preference in this regard.
- The right to dispose of shares held.
- The right to encumber shares held with a pledge or usufruct.

Corporate rights associated with shares include:

- The right to attend the General Meeting (Article 412 of the Commercial Companies Code) and the right to exercise voting rights at the General Meeting (Article 411 § 1 of the Commercial Companies Code). Each share is entitled to one vote at the General Meeting (Article 411 of the Commercial Companies Code).
- The right to request to convene an Extraordinary General Meeting of Shareholders and to request the inclusion of specific issues on the agenda granted to shareholders holding at least one-twentieth of the Company's share capital (Article 400 § 1 of the Commercial Companies Code). The request to convene an Extraordinary General Meeting must be submitted to the Management Board in writing or electronically. If the Extraordinary General Meeting is not convened within two weeks from the date of presentation of the request to the Management Board, the registry court may authorize the shareholders making the request to convene the Extraordinary General Meeting. The court appoints the chairperson of this Meeting (Article 400 § 3 of the Commercial Companies Code).
- The right to challenge resolutions of the General Meeting under the terms of Articles 422-427 of the Commercial Companies Code. Pursuant to the provisions of Article 422 of the Commercial Companies Code, a resolution of the General Meeting of Shareholders that is contrary to the Articles of Association or good practice and harms the interests of the Company or is intended to harm a shareholder may be challenged by means of an action against the Company for revocation of the resolution. The action may be brought by the Management Board, the Supervisory Board and individual members of these bodies or a shareholder who:
  - voted against the resolution and, after its adoption, demanded that an objection be recorded (the voting requirement does not apply to silent shares);
  - was unjustifiably not allowed to participate in the General Meeting;
  - was not present at the General Meeting when the General Meeting was convened in a defective 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 revocation of a resolution is one month from the date of receipt of news of the resolution, but no later than six months from the date of adoption of the resolution (Article 424 § 2 of the Commercial Companies Code). In a situation where a resolution is contrary to the provisions of the Commercial Companies Code, it may be challenged under Article 425 of the Commercial Companies Code, through an action for annulment of the resolution brought against the Company. Within 30 days from the date of announcement of the General Meeting's resolution, but no later than one year from the date of adoption of the resolution, an action may be brought to declare the resolution invalid.
- The right to demand election of the Supervisory Board in separate groups; in accordance with Article 385 § 3 of the Commercial Companies Code, at the request of shareholders representing at least one-fifth of the share capital, election of the Supervisory Board should be made by the next General Meeting by voting in separate groups.
- The right to obtain information about the Company to the extent and in the manner prescribed by law, in particular, in accordance with Article 428 of the Commercial Companies Code, during the General Meeting, the Management Board is obliged to provide the shareholder, upon his request, with information concerning the Company, if it is justified for the evaluation of the matter on the agenda. A shareholder who has been denied disclosure of the requested information during the General Meeting and who has objected to the minutes may apply to the Registry Court to compel the Management Board to provide the information (Article 429 of the Commercial Companies Code).
- Entitlement to a registered deposit certificate issued by the entity maintaining the securities account in accordance with the regulations on trading in financial instruments (Article 328 § 6 of the Commercial Companies Code) and entitlement to receive a registered certificate of the right to participate in the General Meeting (Article 406.3 § 2).
- The right to demand copies of the Management Board's report on the Company's activities and 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 (Article 395 § 4 of the Commercial Companies Code).
- The right to review at the Management Board's premises the list of shareholders entitled to participate in the General Meeting and to request a copy of the list against reimbursement of the cost of its preparation; the right to request that the list of shareholders be sent electronically free of charge (Articles 407 § 1, 407 § 11 of the Commercial Companies Code).
- The right to request a copy of motions on matters on the agenda within one week prior to the General Meeting (Article 407 § 2 of the Commercial Companies Code).
- The right to request verification of the attendance list at the General Meeting by a committee selected for this purpose, consisting of at least three persons. The request may be submitted by shareholders holding one-tenth of the share capital represented at this General Meeting. Requesters have the right to elect one member to the committee (Article 410 § 2 of the Commercial Companies Code).

- The right to review the minute book and request copies of resolutions certified by the Management Board (Article 421 § 3 of the Commercial Companies Code).
- The right to bring an action to remedy the damage caused to the Company under the terms of Articles 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.
- The right to review documents and request that copies of documents referred to in Article 505 § 1 of the Commercial Companies Code (in the case of a merger of companies), Article 540 § 1 of the Commercial Companies Code (in the case of a demerger of the Company) and Article 561 § 1 of the Commercial Companies Code (in the case of a transformation of the Company) be made available at the Company's premises free of charge.
- The right to inspect the stock ledger and request a copy against reimbursement of the cost of its preparation (Article 341 § 7 of the Commercial Companies Code).
- The right to demand that a commercial company that is a shareholder of Kredyt Inkaso S.A. provide information on whether it remains in a relationship of domination or dependence with a certain commercial company or cooperative that is a shareholder of the Company, or whether such relationship of domination or dependence has ceased. A shareholder may also demand disclosure of the number of shares or votes or the number of shares or votes that this commercial company holds, including as a pledgee, user or under agreements with other persons. The request for information and answers should be submitted in writing.
- The right to require an expert to examine a specific issue related to the formation of a public company or the conduct of its affairs (special affairs auditor) pursuant to Article 84 of the Public Offering Law. 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:
  - the subject and scope of the audit;
  - the documents that the Company should make available to the expert;
  - the Management Board's position on the submitted proposal.

If the General Meeting rejects the request for the appointment of an auditor for special cases, the requesters may apply for the appointment of an auditor to the registry court within 14 days from the date of the resolution.

## 4.14. Composition of the Company's management, supervisory or administrative bodies and their committees and changes therein during the last financial year, as well as a description of their activities

### 4.14.1. Management Board

As of the Approval Date, the composition of the Company's Management Board is as follows:

- Mrs. Barbara Rudziks - President of the Management Board
- Mr. Maciej Szymański - Vice-President of the Management Board
- Mrs. Iwona Słomska - Vice-President of the Management Board
- Mr. Mateusz Boguta - Member of the Management Board of.

Changes that took place in the composition of the Management Board during the period from 1 April 2022 to the Approval Date of the financial statements are listed below:

- on 11 May 2022, Mr. Tomasz Kuciel resigned from his position as Member of the Management Board, effective 11 July 2022,
- on 25 October 2022, Mr. Mateusz Boguta was appointed as a Member of the Management Board,
- on 24 November 2022, the Supervisory Board made changes to the functions held by Members of the Company's Management Board: Ms. Barbara Rudziks, previously acting as Vice-President of the Company's Management Board, was entrusted with the function of President of the Company's Management Board, while Mr. Maciej Szymański, previously acting as President of the Company's Management Board, was entrusted with the function of Vice-President of the Company's Management Board.

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

Mrs. Barbara Rudzińska has a university degree, and is a graduate of Gdynia Maritime University, where she earned a master's degree in Business Management.

#### **Maciej Szymański - Vice-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 Singapore.

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

Mrs. 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).

#### **Mateusz Boguta - Member of the Management Board, at Kredyt Inkaso S.A. since 2022**

Mr. Mateusz Boguta holds a university degree, and is a graduate of the Wrocław University of Economics, where he earned a master's degree from the Faculty of Finance and Banking with a specialization in Risk Management.

### **4.14.2. Description of activities of the Company's Management Board**

According to § 9 of the Articles of Association, the Company's Management Board consists of one to four members, including the President, Vice-President or Vice-Presidents and Member or Members of the Management Board, appointed for a joint three-year term. The Supervisory Board appoints, dismisses and suspends members of the Company's Management Board by secret ballot and determines the number of members of the Management Board. The terms of office of members of the Management Board expires on the date of the General Meeting of Shareholders approving the financial statements for the last full financial year in which they served on the Management Board. The Company's Management Board manages the Company and represents it in and out of court, before authorities and third parties. The work of the Management Board is headed by the President 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 Regulations of the Management Board, the following matters in particular require a resolution of the Management Board:

- which, in accordance with the Company's Articles of Association or legal regulations, have not been reserved for other bodies of the Company;
- any matters beyond the scope of ordinary management;
- the conduct of which was opposed 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 the Company's proxy;
- whose resolution in the form of a resolution is requested in writing or by e-mail addressed 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 drafting written proposals to the Supervisory Board;
- convening the General Meeting;
- adoption of the Company's and Group's financial statements, as well as the report on the Company's and Group's activities for the financial year;
- preparation of a proposal on the manner of distribution of profit or coverage of loss;
- adoption of a budget or draft budget for the Company or any financial plan for the Company or the Group;
- determination of the organizational regulations 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 any internal regulations required to be adopted by the relevant internal regulations;
- taking out credits and loans;
- acquisition or disposal of real estate or perpetual usufruct rights;
- implementation of investment tasks by the Company or an entity of the Capital Group and incurring resulting obligations with a value exceeding PLN 200,000.00 (say: two hundred thousand zlotys);
- incurring liabilities, disposing of property rights, and any form of encumbrance on the assets of the Company or an entity of the Capital Group, the value of which exceeds PLN 100,000.00 (say: one hundred thousand zlotys);
- sale, acquisition and encumbrance by the Company of shares, stocks or other titles in other entities, including shares in publicly traded securities;
- issuance of securities by the Company subject to the powers of the General Meeting;

- determining the rules for granting and revoking powers of attorney;
- 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 an equality of votes, the vote of the President of the Management Board is decisive. The Regulations of the Company's Management Board set forth in detail the procedure of conduct of the Management Board. The Regulations are adopted by the Management Board and approved by resolution of the Supervisory Board. The Regulations of the Management Board are published at [www.kredytinkaso.pl](http://www.kredytinkaso.pl). Pursuant to § 9 par. 4 of the Articles of Association, the joint action of two members of the Management Board or one member of the Management Board together with a proxy is required to make statements on behalf of the Company. In contracts between the Company and members of the Management Board, including with regard to terms and conditions of employment, the Company is represented by the Supervisory Board. Declarations of intent on behalf of the Supervisory Board are made by a member or members of the Supervisory Board authorized by an appropriate resolution of the Supervisory Board. A member of the Management Board may not, without permission of the Supervisory Board, engage in competitive interests or participate in a competitive company as a partner, shareholder or member of the authorities.

### 4.14.3. Supervisory Board

As of the Approval Date, the composition of the Company's Supervisory Board is as follows:

- Mr. Bogdan Dzudzewicz – 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. Raimondo Eggink - Member of the Supervisory Board.

On 30 September 2022, the Company's Ordinary General Meeting was held, which approved the above composition of the Supervisory Board.

Pursuant to the resolutions of the Ordinary General Meeting of Kredyt Inkaso S.A.:

- Mr. Raimondo Eggink assumed the position of Member of the Supervisory Board,
- Mr. Karol Szymański was not appointed for another term.

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

Mr. Bogdan Dzudzewicz studied at the Faculty of Law at Adam Mickiewicz University in Poznań and at Central European University in Budapest. He holds the title of legal counsel 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 where he earned his master's degree, and also studied at the Vienna University of Economics and Business Administration in Austria.

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

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

#### **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 a master's degree. He completed Postgraduate Studies in the Method of Valuation of Capital Companies at the Warsaw School of Economics.

#### **Raimondo Eggink - Member of the Supervisory Board, at Kredyt Inkaso S.A. since 2022.**

Mr. Raimondo Eggink graduated in 1994 in theoretical mathematics from the Jagiellonian University and received his PhD in 2010. He holds an investment advisor's license since 1995.

### 4.14.4. Description of the operation of the Supervisory Board

Pursuant to the provisions of § 8 par. 1 of the Company's Articles of Association, the Supervisory Board of Kredyt Inkaso S.A. is composed of five to nine members, including the Chairman, Deputy Chairman and Secretary. The Chairman of the Supervisory Board, the Vice Chairman and the Secretary are elected by the Supervisory Board from among the members of the Board. Members of the Board are appointed for a joint term of office, which lasts 3 years, with the proviso that members



of the Board may be dismissed at any time before the expiration of the term. As of 26 November 2007, when the amendment to the Articles of Association adopted by the Extraordinary Meeting of Shareholders 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 Board, within 15 days of becoming aware of this circumstance, may supplement their composition by co-opting from among candidates submitted by members of the Supervisory Board. The term of office of a 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 that did not approve the election of a member by co-option. Currently, the Company's Supervisory Board consists of five people. The appointment of members to the Supervisory Board, as well as the appointment of members to the Supervisory Board by voting in separate groups, is governed by the Regulations of the Company's General Meeting, the text of which is available at [www.kredytinkaso.pl](http://www.kredytinkaso.pl).

Meetings of the Supervisory Board are held as needed, but at least 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 his own initiative or at the request of the Management Board or a member of the Supervisory Board, in which the proposed agenda is given. In the event of a written request to convene a meeting of the Supervisory Board by the Management Board or a member of the Supervisory Board, the meeting should be convened within two weeks from the date of delivery of the request, with the notice of convening a meeting of the Supervisory Board to be sent no later than 7 days before the scheduled date of the meeting. If the meeting is not convened on the specified date, the requester may convene the meeting himself, stating the date, place and proposed agenda. Meetings of the Supervisory Board are opened and conducted by the Chairman of the Supervisory Board, and in his absence by the Deputy Chairman. In the absence of both the Chairman and Deputy Chairman of the Supervisory Board, the meeting may be opened by any member of the Supervisory Board ordering the election of the chairman of the meeting.

The Supervisory Board adopts resolutions if at least half of its members attend the meeting, with 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 decisive vote, and in the absence of the Chairman of the Supervisory Board, the Deputy Chairman of the Supervisory Board has the decisive 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 decisive vote.

Notifications 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 addresses indicated by members of the Supervisory Board and sent, on the same date, to e-mail addresses previously indicated by members of the Supervisory Board. The agenda for the meeting is determined and notifications are distributed by the Chairman of the Supervisory Board or another person, if it is authorized to convene the meeting. The Supervisory Board may not adopt a resolution on matters not included in 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 holding a meeting, in such a way that all members of the Supervisory Board, knowing the content of the draft resolution, express their consent in writing to the decision to be adopted and to such 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 issues placed on the agenda at the meeting. The meeting of the Supervisory Board and the adoption of resolutions by the Supervisory Board may furthermore be made in such a way that the members of the Supervisory Board participate in the meeting and 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 are required to confirm the fact that they have received draft resolutions by fax or e-mail, no later than the day after receiving 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 authorized by it reads out or electronically transmits to all members of the Supervisory Board participating in the meeting in such a manner the content of the resolutions, after which the persons in turn submit their vote for or against the resolution. The person chairing the meeting of the Supervisory Board marks in the minutes how each person voted with a note as to how that person participated in the meeting of the Supervisory Board. Members of the Supervisory Board present at the meeting sign the resolutions at the meeting immediately after they are adopted.

Adoption of a resolution by means of direct remote communication is approved by the Chairman of the Supervisory Board, who accepts votes from the other members of the Supervisory Board. Approval takes place by noting on the resolution the mode of its adoption and the votes cast by individual members of the Supervisory Board.

In the modes specified 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, removal or suspension of a member of the Management Board, and on the matters specified in Article 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 perform supervisory activities on a permanent individual basis.

The Supervisory Board provides constant supervision over the Partnership's activity.

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

- appointing and dismissing members of the Management Board;
- representing the Company in contracts with members of the Management Board, including the terms of employment of members of the Management Board;
- suspending, for important reasons, individual or all members of the Management Board, as well as delegating a member or members of the Supervisory Board to temporarily perform the duties of members of the Management Board unable to perform their duties;
- approving the Regulations of the Management Board;
- selecting an auditor authorized to audit the Company's and the Group's financial statements in accordance with the provisions of the Accounting Act;
- evaluating the financial statements, both as to their conformity with the ledgers and documents and with the facts, evaluating the Management Board's report and the Management Board's proposals on the distribution of profit and coverage of loss, and submitting an annual written report to the General Meeting on the results of this evaluation;
- approving the Company's development strategy and multi-year financial plans;
- opinionating annual financial plans.

The Management Board is required to obtain the approval of the Supervisory Board for the Company or any Group entity to do the following:

- establish or liquidate the Company's establishment and branch abroad;
- sell, transfer, lease, rent, encumber, dispose or manage on the basis of one or more related legal actions, including on the basis of the sub-participation agreement referred to in Article 183 par. 4 of the Act on Investment Funds and Management of Alternative Investment Funds, 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 consolidated equity of the Company as of the end of the calendar quarter preceding the date of the action, or in the case of several related legal actions, as of the end of the calendar quarter preceding the date of the last action;
- acquire a right or asset other than real estate, an interest in real estate or a right of perpetual usufruct, or incur a liability, based on one or more related legal actions, the value of which exceeds the equivalent of 10% of the Company's consolidated equity as of the end of the calendar quarter preceding the date of the legal action, or in the case of several related legal actions, as of the end of the calendar quarter preceding the date of the last legal action;
- acquire, dispose or encumber 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 greater than the equivalent of 2% of the Company's consolidated equity as of the end of the calendar quarter preceding the date of the action or, in the case of several related legal actions, as of the end of the calendar quarter preceding the date of the last action;
- make capital or material investments abroad for an amount exceeding one-twentieth of the share capital;
- create companies and join companies, approve their articles of associations or subsequent amendments to the articles of association, unless the Company will have no influence over the final form of these documents, as well as make contributions to cover shares in companies and dispose of shares;
- carry out a transaction whose value exceeds the equivalent of one-fifth of the Company's share capital with a shareholder who holds shares in the Company entitling him to exercise at least 5% of the total number of votes in the Company;
- approve the manner of exercising the Company's personal powers 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 in matters falling under one of the categories of matters listed in the item above, as well as in matters of increasing or reducing capital, issuing any certificates giving the right to shares or other participation units, liquidate or dissolve such entities, and appoint and dismiss members of their bodies.

The obligation to obtain the aforementioned approval will not apply and the Supervisory Board's approval will not be required if the transaction/investment is carried out 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 § 8 par. 6 item 8) of the Articles of Association, which have been favorably reviewed by the Supervisory Board. For the avoidance of doubt, the Supervisory Board's approval is not required for the purchase of receivables if it will take place within the global limits set forth in the annual financial plan for the Company or the Group in effect for the year, which has been favorably reviewed by the Supervisory Board. If the Supervisory Board does not agree to carry out a certain action, or if it is impossible to obtain the Supervisory Board's consent due to the lack of the Supervisory Board's capacity to adopt resolutions caused by the lack of the number of members required by a resolution of the General Meeting or other circumstance, then the Management Board may apply to the General Meeting to adopt a resolution on consenting to the



action. At the request of at least two members, the Supervisory Board is required to consider taking the supervisory actions specified in such request.

The Regulations of the Supervisory Board of the Company set forth in detail the procedures of the Supervisory Board. The contents of the current Regulations of the Company's Supervisory Board are published at [www.kredytinkaso.pl](http://www.kredytinkaso.pl).

In accordance with the provisions of the Regulations 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, with "affirmative", "negative" and "abstaining" votes being considered as votes cast. In the event of an equal number of votes, the Chairman of the Supervisory Board has the decisive vote, and in the absence of the Chairman of the Supervisory Board, the Deputy Chairman of the Supervisory Board has the decisive 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 decisive vote. Voting on resolutions is open, except in the case of personnel matters in the case of which a secret ballot is ordered, carried out by means of ballots with the inscriptions "AFFIRMATIVE", "NEGATIVE" and "ABSTAINING" by circling the inscription that corresponds to the content of the voter's vote. On the other hand, an affirmative vote 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 Supervisory Board meeting are taken. The minutes should state the place and time of the meeting and the agenda, the names of the members of the Supervisory Board present at the meeting and other persons participating in the meeting, the content of the adopted resolutions and the results and method of voting, objections and dissenting opinions submitted by members of the Supervisory Board, and briefly present the proceedings. It should be noted in the minutes that the Supervisory Board - due to its proper convening and the presence of the required number of its members - is capable of holding a meeting and adopting 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 then the resolution is 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 affix his signature under the content of the resolution, indicating a dissenting opinion submitted for the record. All resolutions signed in the above manner are attached to the minutes of the meeting during which they were adopted. The minutes are signed by the members of the Supervisory Board present at the meeting. Members of the Supervisory Board who are not present at the meeting are required to familiarize themselves with the contents thereof and confirm this action by signing the minutes with the notation "I have familiarized myself with the contents of the minutes".

#### 4.14.5. Audit Committee

As of the Approval Date, the composition of the Audit Committee is as follows:

- Raimondo Eggink - Chairman of the Committee
- Daniel Dąbrowski - Member of the Committee
- Marcin Okoński - Member of the Committee.

#### 4.14.6. Description of the activities of the Audit Committee

The Committee's powers and responsibilities include oversight of financial reporting, internal control, risk management and internal and external audits of the Company. In particular, the Committee's responsibilities include:

- the monitoring of:
  - financial reporting process,
  - effectiveness of internal control, risk management, and internal audit systems, including financial reporting,
  - the performance of financial auditing activities, in particular, the audit firm's performance of the audit, taking into account any conclusions and findings of the Polish Audit Supervision Agency arising from the audit conducted at the audit firm;
- controlling and monitoring the independence of a statutory auditor and of an audit firm, in particular where the Company is provided by an audit 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 at the Company, as well as 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 audit firm to carry out an audit;
- formulating a policy on the provision of permitted non-audit services by the audit firm performing the audit, entities related to that audit firm and by a member of that audit firm's network
- establishing a procedure for selecting an audit firm by the Company;
- presenting to the Supervisory Board of the recommendation referred to in Article 16 par. 2 of the Regulation 537/2014,

- submitting recommendations with a view to ensure the reliability of the financial reporting process at the Company.

The Committee also performs, within the scope of its competencies, tasks assigned by the Supervisory Board.

The Audit Committee carried out the above tasks in the process of preparing the financial statements. During the financial year ended 31 March 2023, the Audit Committee held 12 meetings, and additional 2 meetings were held after the balance sheet date until the publication date.

The Audit Committee is composed of the following members of the Supervisory Board: (i) Raimondo Eggink - Chairman of the Audit Committee, (ii) Daniel Dąbrowski - Member of the Audit Committee, (iii) Marcin Okoński - Member of the Audit Committee. According to the declarations submitted, Marcin Okoński and Raimondo Eggink meet the independence criteria required by Article 129 par. 3 of the Act on Statutory Auditors for serving on the Audit Committee. Daniel Dąbrowski has knowledge and skills in both accounting and the industry in which the Company operates. He acquired them during his education at the Warsaw School of Economics during his studies and post-graduate 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 Raimondo Eggink also have knowledge and skills in accounting, as well as economic issues related to the industry in which the Company operates. Marcin Okoński acquired them during his education at the Warsaw School of Economics, in the places where he was previously employed, and by serving on the bodies of companies (including, as of 2018, on the Company's Supervisory Board). Raimondo Eggink acquired his knowledge and skills during his previous career and by serving on the supervisory bodies of public companies.

Main assumptions of the developed policy for the selection of the audit firm to conduct the audit:

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

The main principles of the developed policy for the provision of permitted non-audit services by the audit firm conducting the audit, by affiliates of the audit firm and by a member of the audit firm's network:

- The auditor, the auditing firm, or any member of their network may not provide services other than auditing 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 with respect to the provision of legal services including providing 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,
- Provision of permitted services is possible only to the extent not related to the tax policy of the audited entity, after the Audit Committee has assessed the risks and safeguards of independence and given the appropriate approval. Where appropriate, the Audit Committee may issue guidelines for the provision of particular services.

#### 4.14.7. Changes in the authorities of the Company

There have been no changes in the composition of the Company's Management Board and Supervisory Board and Audit Committee up to the Approval Date, other than those indicated in the section "Composition of the Company's management,

supervisory or administrative bodies and their committees and changes therein during the last financial year, as well as a description of their activities".

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

The Company does not sponsor or make donations, either directly or indirectly, to political organizations and public officials or persons holding public office.

The Company allows sponsorship to support education and recreation for children, the disabled, the elderly, foundations, and non-profit organizations.

In the 2022/2023 financial year, the company donated:

- PLN 10,000 to the Little Prince Hospice for Children in Lublin. It provides home-based care for children and adolescents with cancer and other incurable and progressive diseases. It implements comprehensive medical assistance, the purchase of medicines, and specialized medical equipment for children. The care provided by the hospice allows a child to stay in his or her own home with high standards of medical and psychological care;
- PLN 10,000 to the Shelter for Homeless Animals in Lublin. Since 2007, animals that have become homeless for various reasons - dogs, cats, birds, reptiles and other exotic animals - have found shelter and professional care there. Often these animals are victims of human violence, indifference and thoughtlessness.

The Company also promotes charity by actively encouraging employees to donate 1.5% to Public Benefit Organizations (PBOs) when filing their annual income tax returns. Based on employee proposals, a (continuously updated) company database of Public Benefit Organizations (PBOs) was created to help all those who do not know which PBO they would like to support with their taxes.

The Company also encourages employees to participate in various charitable activities. In the 2022/2023 financial year, we took part in the "Parcel for a fellow man" campaign, which was organized by the Granary of St. Brother Albert and a fundraiser was held for the treatment of the son of one of the employees.

In support of women's professional development and diversity in the workforce, Barbara Rudziks, President of the Company's Management Board, took part in an event organized by the BloomPro Foundation titled "Women's Leadership". In the course of it, she shared with other participants/leaders her career experiences, leadership style and ways of dealing with crisis situations. With the employees in mind, a three-part series of health guides was created titled "Let's take care of ourselves in troubled times". It contained useful information and advice on mental health, physical health and healthy eating. Its first part was handed over to employees on 7 April 2022, which is a World Health Day.

- A contest with prizes under the theme "And how do you take care of your health?"

A contest was also held for employees to promote healthy lifestyles. The contest task was to creatively depict one's favorite way to take care of one's health. The winners received special sets of in-kind prizes to help them take even better care of their physical fitness and healthy eating.

- Premedical first aid training series

Practical exercises were held in Zamość, Lublin and Warsaw. A total of 80 people employed in Polish companies of the Kredyt Inkaso Capital Group were trained. The scope of the training included checking breathing and clearing the airway in adults, children and infants, cardiopulmonary resuscitation (CPR) with an AED defibrillator in adults and children, as well as helping people with fractures, burns and emergencies (strokes, heart attacks). Kredyt Inkaso has also purchased a defibrillator for its Zamość headquarters. Ultimately, such a device is also to be available to teams working at the Lublin branch. In Warsaw, they are provided by the entity leasing the office space. In addition, in order for all employees (not only those participating in pre-medical first aid training) to become familiar with the use of the AED defibrillator, a special e-learning training course has been prepared. It is available on the Company's internal web portal.

During the past financial year, the Company continued to allow employees to perform tests on COVID-19 at the Company's expense.

The Group, in an effort to encourage employees to engage in sports activities, subsidized their purchase of a Multisport card. In addition, it financed their participation in the 17th Nationale-Nederlanden Warsaw Half Marathon by paying the entry fee for each registered participant.

## 6. OTHER INFORMATION

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

#### 6.1.1. Remuneration of the Management Board

	01/04/2022 -31/03/2023	01/04/2021 -31/03/2022
Maciej Szymański	986	932
Barbara Rudziks	1,314	1,157
Iwona Słomska	1,139	1,105
Tomasz Kuciel	572	614
Mateusz Boguta	861	-
<b>In total</b>	<b>4,872</b>	<b>3,808</b>

Remuneration paid by Kredyt Inkaso S.A.

	01/04/2022 -31/03/2023	01/04/2021 -31/03/2022
Maciej Szymański	298	291
Barbara Rudziks	645	557
Iwona Słomska	475	467
Tomasz Kuciel	304	253
Mateusz Boguta	370	-
<b>In total</b>	<b>2,092</b>	<b>1,568</b>

Remuneration paid by other Group companies

	01/04/2022 -31/03/2023	01/04/2021 -31/03/2022
Maciej Szymański	688	641
Barbara Rudziks	669	600
Iwona Słomska	664	638
Tomasz Kuciel	268	361
Mateusz Boguta	491	-
<b>In total</b>	<b>2,780</b>	<b>2,240</b>

## 6.1.2. Remuneration of the Supervisory Board

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

	01/04/2022 -31/03/2023	01/04/2021 -31/03/2022
Bogdan Dzudzewicz	226	208
Marcin Okoński	80	63
Karol Sowa	53	47
Karol Szymański	39	71
Raimondo Eggink	72	-
<b>In total</b>	<b>470</b>	<b>389</b>

## 6.2. Contracts between Group companies and managers providing for compensation in the event of their resignation or dismissal

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

- Maciej Szymański – post-termination non-compete rules apply, with compensation at 50% of base salary paid for 12 months after termination.
- Barbara Rudziks – post-termination non-compete rules apply, with compensation at 50% of base salary paid for 12 months after termination.
- Tomasz Kuciel - post-termination non-compete rules apply, with compensation from 25% to 50% of base salary paid from 6 to 12 months after termination, signed with different Group entities. Termination of the contract with effect on 10.11.2022.
- Iwona Słomska – post-termination non-compete rules apply, with compensation at 50% of base salary paid for 12 months after termination.
- Mateusz Boguta – post-termination non-compete rules apply, with compensation at 50% of base salary paid for 12 months after termination.

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

All related party transactions are detailed in the annual consolidated financial statements of the Kredyt Inkaso Capital Group. There were no transactions with related parties on other than market terms.

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

Information about credit and loan agreements entered into and terminated during the financial year is detailed 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 standalone 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 asset and financial situation of the Kredyt Inkaso Capital Group and Kredyt Inkaso S.A. and their financial result, and that this report on operations contains a true picture of the development and achievements and situation of the Kredyt Inkaso Capital Group and Kredyt Inkaso S.A., including description of basic threats and risks.

The Company's Management Board, on the basis of a declaration of the Supervisory Board, informs that PKF Consult Spółka z ograniczoną odpowiedzialnością Spółka komandytowa, based in Warsaw, which audited the standalone financial statements and the consolidated financial statements for the financial year ending 31 March 2023, was selected in accordance with the regulations, including those concerning the selection and procedure for selecting an audit firm, and that:

- the audit firm and the members of the team conducting the audit have met the requirements for being able to prepare their impartial and independent report on annual audit of financial statements in accordance with the mandatory regulations, professional standards and principles of professional ethics.
- the mandatory legislation 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 services other than auditing, including services conditionally exempted from the prohibition of provision by the audit firm.

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

Pursuant to Article 55 par. 2a of the Accounting Act and § 71 par. 8 of the Ordinance of the Minister of Finance on current and periodic information, the Company has prepared the Management Board's report on the activities of Kredyt Inkaso S.A. and the 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 Group's activities.

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

#### Standalone statement of financial position

	31/03/2023	31/03/2022 restated	Change	Change in %
Fixed assets	120,226	289,390	(169,164)	-58%
Current assets	258,151	146,037	112,114	77%
<b>Total assets</b>	<b>378,377</b>	<b>435,427</b>	<b>(57,050)</b>	<b>-13%</b>
<i>including:</i>				
Purchased receivables	49,503	58,765	(9,262)	-16%
Cash and cash equivalents	9,188	25,274	(16,086)	-64%
Own equity	76,679	72,063	4,616	6%
Long-term liabilities	212,229	197,988	14,241	7%
Short-term liabilities	89,469	165,376	(75,907)	-46%
<b>Total liabilities</b>	<b>378,377</b>	<b>435,427</b>	<b>(57,050)</b>	<b>-13%</b>

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

	01/04/2022- 31/03/2023	01/04/2021- 31/03/2022	Change	Change in %
Interest income on debt packages calculated using the effective interest rate method	11,622	13,687	(2,065)	-15%
Revaluation of packages	13,767	11,975	1,792	15%
Other revenues/expenses	54,398	44,667	9,731	22%
<b>Total net revenues</b>	<b>79,787</b>	<b>70,329</b>	<b>9,458</b>	<b>13%</b>
Costs of salaries and employee benefits	(35,141)	(31,335)	(3,806)	12%
Depreciation and amortization	(3,320)	(3,305)	(15)	0%
External services	(36,236)	(34,859)	(1,377)	4%
Other operating expenses	(8,229)	(7,587)	(642)	8%
<b>Total operating expenses</b>	<b>(82,926)</b>	<b>(77,086)</b>	<b>(5,840)</b>	<b>8%</b>
<b>Profit (loss) on operating activities</b>	<b>(3,139)</b>	<b>(6,757)</b>	<b>3,618</b>	<b>-54%</b>
Financial revenues	42,285	29,341	12,944	44%
Financial expenses	(39,568)	(32,783)	(6,785)	21%
<b>Profit (loss) before tax</b>	<b>(422)</b>	<b>(10,199)</b>	<b>9,777</b>	<b>-96%</b>
Income tax	5,456	(4,022)	9,478	
<b>Net profit (loss)</b>	<b>5,034</b>	<b>(14,221)</b>	<b>19,255</b>	



The Group's Parent Company - Kredyt Inkaso S.A. - increased its net revenues by PLN 9.5 million (13%) during the reporting period, thanks to growth in revenues from debt management (up by PLN 10.2 million from PLN 42.5 million in the year ended 31 March 2022 to PLN 52.7 million in the year ended 31 March 2023). The cost base increased by PLN 5.8 million (8%) to PLN 82.9 million. Salaries and employee benefits were responsible for the increase in costs (up by PLN 3.8 million, 12%). Depreciation and amortization costs remained at similar levels, while other costs increased by PLN 0.6 million. In the end, net result was 19.3 million higher than last year.

## 7.2. Differences between financial results reported in the annual statements and previously published forecasts

The forecast of financial results for the financial year ended 31 March 2023 was not published.

## 7.3. Current and expected financial situation

The Company's financial situation is assessed as stable. Over the next 12 months, it is expected to maintain its current financial position, maintain a secure asset and capital structure and maintain its ability to pay its liabilities. In the longer term, the level of the Company's equity and the availability of debt financing necessary to increase the level of investment in debt portfolios will have a significant impact on maintaining the Company's remuneration for managing these receivables.

No other factors have been identified that, with the current financial policy, could cause a reduction in financial standing.

## 8. APPROVAL FOR PUBLICATION AND SIGNATURES OF MEMBERS OF THE MANAGEMENT BOARD

The Parent Company's Management Board approved for publication this Management Board's Report on the Group's and Company's activities for the period from 1 April 2022 to 31 March 2023 on 17 July 2023 ("Approval Date").

President of Management Board	the	Vice-President of Management Board	of	the	Vice-President of Management Board	of	the	Member of Management Board	of	the	Member of Management Board
Barbara Rudziks		Maciej Szymański			Iwona Słomska			Mateusz Boguta			